

New Co-operative Development in Canada

Findings from Research Emerging from the Co-
operative Development Initiative (2009-2013)

A Report from the *Measuring the Co-operative Difference Research Network*

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Executive Summary

This report sets out to review the experiences, innovations and challenges of new non-financial co-operatives in Canada. The research questions guiding this research are the following:

- 1) How have non-financial co-operatives in recent years from across Canada's provinces and territories and in different economic sectors, sought to meet their members' or communities' social/cultural/economic/environmental needs via the co-operative model?
- 2) Why is the co-operative model chosen over other business types?
- 3) What are the challenges faced in starting-up or further developing a non-financial co-operative and why and how do non-financial co-operatives succeed or fail to overcome these challenges?
- 4) What innovations have new non-financial co-operatives forged in order to offer both members and surrounding communities new or better ways of provisioning for their social/economic/cultural/environmental needs?

To answer these questions, we have tapped into an illustrative sample of new and emerging co-operatives that were involved with the Co-operative Development Initiative (CDI) from 2009-2013. To gather and analyze our data, a mixed-methods, and grounded theory methodology was used, including survey, interviews and focus groups.

On the whole, we found a predominance of socially focused motivators and needs driving the startup of new co-operatives in Canada from our research sample. Collectively across Canada, for instance, social care and social services, alternative health care, alternative and organic food, alternative and renewable energy, community economic development (CED) and offering employment for marginalized communities made up a total of 62.2% of interests and motivators for the creation of new co-ops in our sample. These are what co-operative founders and members saw as lacking in their communities and what drove their co-operative business.

When we filtered the motivations for starting a co-operative through the goods and services produced or delivered, we again explicitly found a strong, outward, socially focused direction to new co-operative development in our sample, again suggesting that

many of Canada's new co-ops are created to deliver socially useful goods and services rather than being only motivated to meeting member needs or business interests. Many of the new co-operatives in our sample were thus also social enterprises—that is firms that rely on some market activity but with strong social missions aimed to deliver particular goods and services to communities. Since there is no formal legislation or broadly agreed upon nomenclature for conceptualizing these types of co-operatives in Canada, we call them for this report Canada's "social mission-driven co-operatives."

While many of the new co-operatives in our sample from across Canada are motivated by and are actually delivering socially focused goods and services of benefit to multiple community stakeholders beyond just the co-op's members, new Canadian co-ops are also experiencing a common set of challenges. These include: (1) lack of knowledge by co-op founders of the specifics of the co-operative model; (2) lack of resources for, or knowledge of where to access start-up funds and funds for ongoing business consolidation and growth; (3) human resources issues (i.e., possible volunteer burnout, membership and staffing engagement, division of labour issues, retention and motivation, etc.); and (4) organizational issues related to governance.

Moreover, we noticed four major "paradoxes" emerging with new Canadian co-operatives in our sample, suggestive of the tensions present with developing and consolidating new co-operative initiatives today:

- 1) *the paradox of external funding*: the need to pursue supportive and external sources of funding to supplement revenues and start or sustain new projects vs. the time it takes to pursue it, possibly taking a co-op away from the daily tasks of running the business while not guaranteeing returns;
- 2) *the paradox of participative decision-making and governance*: decision-making and governance viewed as a distinguishing feature and strength of co-ops vs. the competitive disadvantages democratic governance brings at times when quick and decisive decisions are needed, especially in competitive markets;
- 3) *the paradox of member engagement and diversity*: the importance placed on maximizing member engagement and diversity vs. issues affecting fluid governance, decision-making, and business actions brought on by conflicting member interests, needs, or ideas; and
- 4) *the paradox of volunteering*: the recognition that much of the work that happens in co-ops is volunteer labour vs. the burn-out and difficulties that emerge from the fact that a core and often small group of members do most of the volunteering.

For overcoming some of these difficulties and tensions and for assisting in getting new co-operatives off the ground, the new co-ops in our sample relied much on the expertise and guidance of co-operative developers. Over 54% of new co-op projects from our survey sample tapped into the expertise of a co-operative developer at some point. Moreover, almost all co-ops from our sample that did use co-op developers said that the developer completed their tasks successfully and were happy with the support they had received from them.

Besides co-op developers, other major supports for new co-ops in our sample from across Canada included: community economic development initiatives, other co-operatives, financial institutions such as credit unions (particularly in the founding stages, but not as much when the co-operative is operational), and perhaps most tellingly, individuals such as visionary leaders or groups of leaders who often become the co-op's founders. The latter points to a strong presence of "collective entrepreneurialism" across Canada's new co-ops and, again, to the importance of co-operative developers.

This study also found evidence for the strong role of learning in the new co-operatives in our sample. This learning is mostly informal and "learning-by-doing," underscoring the inherent "associative intelligence" that the co-operative form fosters for acquiring the skills, values, and practices needed to run a co-operative, work with others collaboratively, and engage with their social missions and the community. Again, co-operative developers also play a strong educational role regards members' take up of co-operative values, principles, governance, and in how to deal with business issues. However, the use of formal learning via courses and at the college level remains very minimal with new Canadian co-operators, our data evidenced.

Emerging from the findings of this research, this report concludes with seven major recommendations for the co-operative movement, social economy organizations and policy makers to best help support new co-operative development in Canada:

- 1) Design a comprehensive strategic plan and approach to support new co-operatives in Canada, which has input and buy-in of all key stakeholders (co-operatives, support organizations and different levels of government).
- 2) Develop a national clearinghouse for co-operative development, including appropriate legislation, funding sources, networks and networking opportunities, and useful community linkages.
- 3) Create specific capacity building strategies to be delivered by key co-operative stakeholders, from start-up through the early stages of co-operative

development, and focussing on associative skills, leadership, business management, financial capacity, and partnerships/networking.

- 4) Co-ordinate and build-up the activities of key supportive co-operative organisations in order to nurture skills, to provide sustained support, and to raise awareness of the needs of new co-operatives.
- 5) Provide further supports to co-operative developers to network, share and work together in order to keep their knowledge and skills current and up-to-date.
- 6) Design and implement program support that is specific to the reality and needs of new co-operatives in Canada.
- 7) Support the creation of more formal education outlets and co-operative knowledge mobilization initiatives in all provinces for co-operative members, managers, volunteers, other stakeholders, and the general public and policymakers.

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I. Introduction

Purpose

This report sets out to review the experiences, innovations and challenges of new non-financial co-operatives in Canada. To do so, we have used as a sample of co-operatives that were involved with the Co-operative Development Initiative (CDI) from 2009-2013.¹

Research questions

The research questions guiding this research are the following:

- 1) How have non-financial co-operatives in recent years from across Canada's provinces and territories and in different economic sectors, sought to meet their members' or communities' social/cultural/economic/environmental needs via the co-operative model?
- 2) Why is the co-operative model chosen over other business types?
- 3) What are the challenges faced in starting-up or further developing a non-financial co-operative and why and how do non-financial co-operatives succeed or fail to overcome these challenges?
- 4) What innovations have new non-financial co-operatives forged in order to offer both members and surrounding communities new or better ways of provisioning for their social/economic/cultural/environmental needs?²

With these questions guiding the research, the main objective of this study is to understand, most broadly, the experiences of new co-operatives. While we recognize that the experiences of starting up a new enterprise may be similar or different to other business types in some ways, at this point we wanted to specifically understand the co-operative start up experience.³

Relation to the CDI Program (2003-2013)

Most of the co-operatives researched for this report were involved with CDI, either funded in part or had otherwise contacted CDI for potential funding.

The Co-operative Development Initiative was a federal program housed within the Co-operatives Secretariat, Agriculture and Agri-Food Canada. The CDI program was to

¹ Of course, not all new or developing co-operatives of this period in Canada were involved with CDI.

² For the duration of the report co-operatives refer to non-financial co-operatives unless otherwise stated.

³ The opportunity to conduct future research comparing and contrasting the experiences of co-operative start ups to the experiences of other business types would be timely and would have merit for fully understanding the co-operative difference and challenges.

facilitate the strengthening and creation of new and existing co-operatives in areas of federal interest including: the knowledge economy, community capacity-building and service delivery. The CDI program had two main components. Advisory Services built capacity of the co-operative sector to support co-operative development. This component included: guidance and support regarding issues such as governance, operations and management, legislative and regulatory compliance and managing change, growth, transition and adjustment for organizational development and planning assistance. The second component was Innovation and Research. This component expanded the use of the co-operative model by identifying and tracking new opportunities, needs assessment and analysis, innovative projects, policy research and lessons learned. Our sample of co-operatives is derived from CDI Innovation and Research proponents.

Methodology

CDI was a prime sample opportunity for researching new co-operative development in Canada. First, the CDI program was national in scope, connecting with over 500 new co-operatives or, to a lesser extent, new development programs emerging from already established co-operatives from all of Canada's provinces and territories. Second, the CDI program represented all co-operative types and sizes, across most economic sectors that co-ops are found in and covered co-operatives in pre-start-up, start-up and fully operational stages of the business.

Our methodology was driven with an interest in better understanding the social interactions and experiences inherent to starting a new co-operative, and the type of entrepreneurship—social or collective entrepreneurship (Connel, 1999; Schoening, 2006; Spear, 2008)—that drives new co-operative development. We also desired to let the data speak first. As such, our research took on a grounded theory and triangulated, mixed-methods approach. As grounded theory, theoretical assessments of the data (including our recommendations) emerged from the findings, rather than predetermining the data beforehand (Aldiabat & Le Navenec, 2011; Glasser & Strauss, 1967; Yancey Martin & Turner, 1986).

Figure 1 outlines the methods for data gathering and sample used. We conducted an online and cross-Canada survey using Survey Monkey; key informant interviews in person, on Skype and by telephone; and four focus groups at the CDI final conference in January 2013. All survey, interview, and focus groups protocols were available in both English and French.⁴

Figure 1 Methods and Sample

⁴ All data gathering protocols are available from the authors upon request. All raw data has been securely stored in an encrypted hard drive in a locked cabinet at the Ontario Institute for Studies in Education of the University of Toronto.

Data collection	Total	Process	Variables
Survey	66	Sent to over 500 co-operatives involved with CDI	Province/territory, co-operative type, economic sector, stage of development, language
Interviews	27	Solicited interviews via survey, focus groups, CDI conference	Province/territory, co-operative type, economic sector, stage of development, language
Focus Groups	4 (20 participants each)	CDI conference attendees	39 different co-operatives and co-operative developers represented

The sample drawn from the CDI program provided us with a very relevant and contemporary dataset of new co-operatives in Canada. The findings arrived at in this study and the claims we make throughout the report are representative of the CDI dataset. We recognize that the CDI dataset is not inclusive of all new co-operative development projects in Canada between 2009-2013, nor do we make the claim that the findings are indicative of the characteristics of all new co-ops in Canada today.⁵ We do however also recognize that the CDI dataset is a highly suggestive and illustrative sample of new co-ops in Canada between 2009-2013, and that the dataset and our findings point to substantive trends and patterns of co-op development that can be assumed to represent, in different qualitative and quantitative degrees (but not in a strictly statistical sense), new co-ops in Canada today.

Of the 66 co-operatives that responded to our survey, 19 (29%) were from Quebec and 47 (73%) from the rest of Canada. For reasons to do with the comparatively large size of the co-operative sector in Quebec, its co-operative movement's unique history of development, as well as the rich funding sources and expansive enabling environments (i.e., policy and supports) rooted in the social economy, the co-operative movement, and government policy in that province, we decided to analyze our survey by breaking it down into three data sets: "all of Canada" (that is, analyzing data from all of the 66 co-operatives that responded to our survey); "Quebec" (analyzing only Quebec-based co-ops); and "the rest of Canada" (analyzing all responding co-ops except for those in

⁵ We did attempt throughout 2013 and 2014 to tap into and comparatively analyze our CDI dataset with relevant data for all new co-operatives emerging in Canada between 2009-2013 from the Rural and Co-operative Secretariat's dataset of Canadian co-operatives. Given, however, the transition of the Secretariat's dataset from Agriculture and Agri-Food Canada to Industry Canada, and the substantial reduction of staff in this restructuring in 2013, this data remained unavailable to us throughout the period of this research. Future research the authors may conduct on co-operative development in Canada will take this dataset into account when it becomes available.

Quebec). As we analyze in this report, our quantitative data shows that there are revealing and important differences between Quebec and the rest of Canada with regard to co-operative development dynamics.

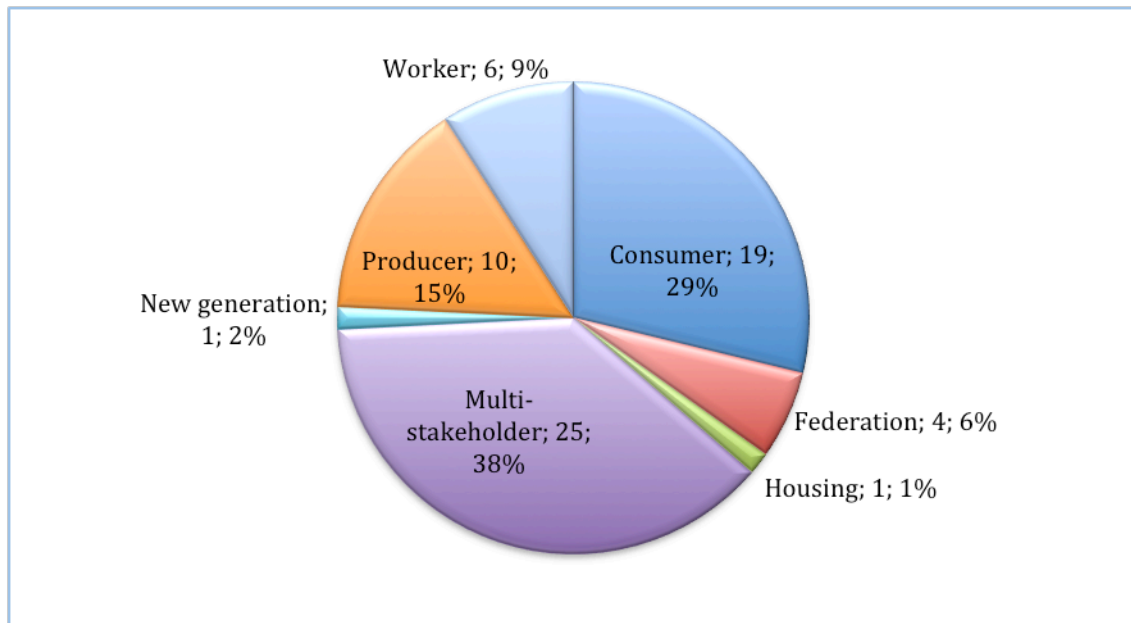
II. Main Findings

General co-operative characteristics

Co-operatives by type

The co-operatives by type in our survey sample are suggestive of the non-financial co-operatives emerging in recent years in Canada. As Figure 2 shows, our research project gathered a good sample of multi-stakeholder, consumer, producer and worker co-ops, as well as four federations and one housing co-operative.⁶

Figure 2: Co-operative types



(N = 66)

Most distinguished are the large numbers of multi-stakeholder co-operatives in our sample, most from Quebec's "solidarity co-operative" movement. This healthy presence of multi-stakeholder co-operatives in our sample reflects the surge of this relatively new type of co-operative that first emerged in Quebec in the past 25 years or so as response to the need for locally based community development, meeting multiple stakeholder needs and that benefited in recent years from the assistance of the provincial and municipal governments, social economy organizations and ample co-operative sector supports and

⁶ One of the federations in our survey sample is a housing co-op federation and one of the multi-stakeholder co-ops is also a housing co-op, so technically there are three housing co-op organizations, but only one that described itself strictly as a housing co-operative.

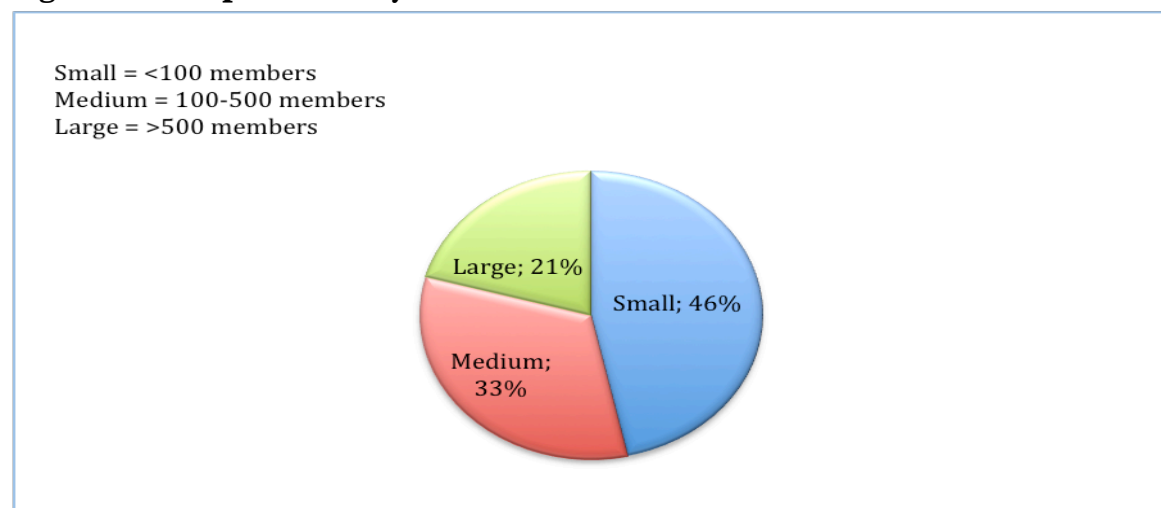
funding throughout the province (Côté, 2007; Girard, 2002). The model has increasingly been adopted in other parts of Canada as a sound co-operative framework for the inclusion of multiple members in the ownership and governance of the co-operative and for broader community economic development needs.

Co-operatives by size (numbers of members)

The co-operatives represented in our survey sample, interview sample, and focus groups were mostly small- and medium-sized firms (SMEs). There are many factors we could have used to determine size; however, not having financial numbers such as revenues, assets, wages, taxes or patronage dividends, nor having social accounting measurements at our disposal, meant we are unable to discuss size of co-ops by economic impact. Another way we could have measured size would be to use the number of employees, however most co-ops in our sample have less than 10 paid employees (see Figure 14). We, therefore, considered membership numbers in determining the size of the co-operative. Based on membership numbers, almost half of our survey sample (46%) was made up of small co-ops (less than 100 members), while a third were medium-sized (100-500 members) and 21% large (over 500 members) (See Figure 3).

Our interview sample, on the other hand, over-represented small-sized co-operatives (22 of 27 co-ops interviewed), with only three medium and two large co-operatives by membership (both of the large co-operatives interviewed were multi-stakeholder co-ops—a health co-op in BC and an organic food co-op in Quebec.) This over-representation of small co-operatives in our interview sample was most likely due to the fact that most co-op development projects funded in CDI were small co-operatives. That, and the fact that most co-operatives start with a small membership that grows depending on the objectives of the co-op.

Figure 3: Co-operatives by size



(N = 58)

Co-operatives by economic sector

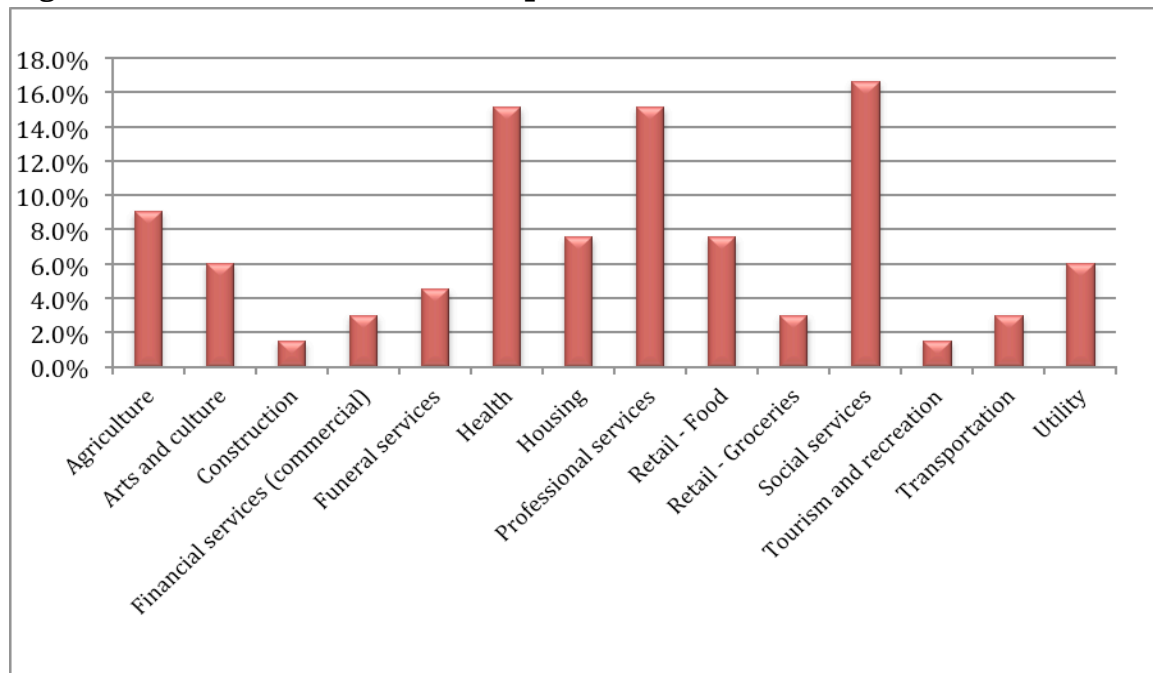
The economic sectors occupied by co-ops in our sample was tackled by looking at the broad economic sector it is situated in (Figure 4) and the goods or services that it delivers (Figure 5). The economic sectors that dominate are in the social services, health, housing, or arts and culture sectors (45%), all sectors of the broader social economy made up of social businesses with strong social objectives (Quarter, Mook, & Armstrong, 2009). The other co-operatives that fell into the professional services, transportation, utility and retail food and groceries sectors, to a great degree, also situate their *raison d'être* as both benefiting members and serving broader social missions such as alternative transportation, car sharing, organic and local food and alternative energy.

This is not to negate that mutualistic (i.e., primarily member-driven) aims are not also strong in community and socially focused co-ops, however, as our interviews and focus groups helped clarify. Throughout the report we delve further into the evidence for the strong social objectives of the new co-operatives we sampled, as well as the “collective entrepreneurialism” that seems to be undergirding the emergence of new co-operative development in Canada today.

We then grouped the economic sectors of the co-ops in our survey sample and found that these co-operatives are strongly focused towards *social objectives* (outwardly focused to the community), rather than being primarily based on what have been called *mutualistic* needs and aims (inwardly focused on membership needs).⁷ We also begin to notice what can be seen as suggestive of a tendency for strong “social” or “collective entrepreneurship” in the development of new co-operatives in Canada in recent years.

⁷ For these two broad categories than distinguish the purpose or characteristics of co-operatives, see: Galera (2004) and Birchall (2010; 2012). Here we are not denying that all co-operatives have elements of both characteristics, but the point we wish to make is that recent co-operative development projects in Canada (at least those emerging from CDI II between 2009-2013) indicate a stronger focus on the outward, social objectives that drive the co-operative project (broadly focusing on ICA principles 5-7), rather than a co-operative's mutualistic aspects (ICA principles 1-4).

Figure 4: Economic sectors of co-operatives



(N = 66)

Motivations for developing new co-operatives

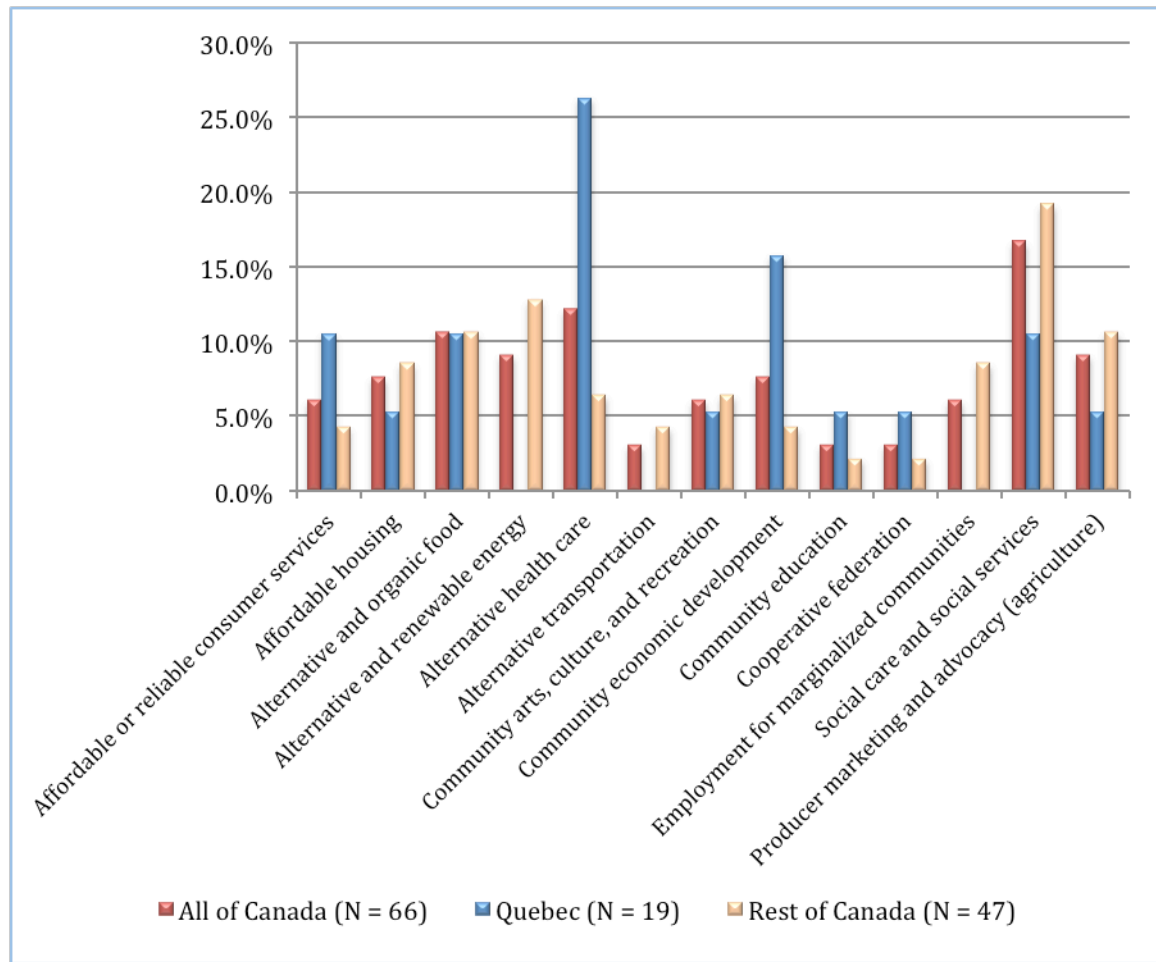
Socio-economic needs of the community

Figure 5 underlines the predominance of socially focused motivators and needs that drive the startup of new co-operatives from our survey sample. Collectively across Canada, for instance, social care and social services, alternative health care, alternative and organic food, alternative and renewable energy, community economic development (CED) and offering employment for marginalized communities made up a total of 62.2% of interests and motivators for the creation of new co-ops. These are what co-operative founders and members see lacking in their communities.

We see then that co-operatives that are also social enterprises—that is firms that rely on some market activity but with strong social missions aimed to deliver particular goods and services to communities (Quarter et al., 2009)—are very strong in our survey sample. Since there is no formal legislation or broadly agreed upon nomenclature for conceptualizing these types of co-operatives in Canada, we will call them for this report Canada’s “social mission-driven co-operatives.”⁸

⁸ We also recognize that community development was also one of the foci, but not the only one, of the CDI program, which could have influenced these results to some extent (see section II). Throughout our data gathering process, we strove to check for this potential “social bias” by asking various alternative questions concerning the direction and mix of mutualistic and social aims of the co-ops in our sample. For a group of the co-ops we engaged with, mutual aims predominated. However, the stronger tendency was for our sampled co-ops to have at least some degree of outwardly focused

Figure 5: Socio-economic need motivating the start-up of the co-operative



Important to note here is that none of our survey respondents, interviewees, or focus group participants answered “making money” or “gaining market share” or similar business objectives when asked about their main motivators for starting their co-ops.

social missions, which tended to predominate throughout our sample and across all co-op types. At minimum, this is suggestive of the good fit of the co-operative model for organizing socially focused projects, and that this motivation for founding a co-op in Canada is alive and well. This is an important, confirmatory finding with regard to the “co-operative difference” in itself. Moreover, it should be noted here that one of the reasons we chose our sample specifically from CDI-funded co-operatives was to look in detail into processes through which these co-operatives’ social values and goals emerge from and also, at the same time, translate into social or collective entrepreneurial activities. In many ways, our interviews, survey and focus groups strongly suggested, as we touch on in the following pages, that founders and members with a strong sense of socio-economic justice, rooted in social movements and working within particular co-ops with strong social missions, have a solid presence today with new co-ops in Canada, and that the co-operative form is a viable business model for carrying out socially focused collective projects.

Indeed, as one founder of the Alberta energy co-operative we interviewed put it, focusing on the social aspects of co-ops:

Co-ops are not the model to make money quickly. If you're looking to make a big buck, don't even bother. But if you're working for a sustainable business and a method, tool, or vehicle for meeting commonly held needs, then it will bring you returns, it can be quite stable. It's there for the long term and it's not just about you.

Social dimensions of new co-operatives

A major motivation for creating new co-operatives in our sample, then, is the desire to work together to provide a social service or good. Focus group participants described the social dimensions of co-operatives in quotes such as these: “[The co-operative model] maximizes benefits for communities.” and “With co-ops, capital stays local.”

Some of the exemplar quotes from our interviews that further underscore the socially focused motivators for starting co-operatives include the following:

Really making a difference in people's lives [is core to our co-operative]. [W]e are satisfying a need in our community. We are helping people access more local food every day and we are doing this successfully and for more people all the time.

[In] my opinion, people who are members of a co-op are more involved because it's a way of helping the community, especially those who are unemployed, underemployed and people who really need to improve their lives and a co-op can meet those needs. I am for a co-op. I don't know about the rest—we're in the middle of choosing whether a co-op is better [in this start-up phase we are in].

Our co-operative market created an additional space for social interaction and for community to come together. It's an incredible community gathering space every Saturday.

Mutualistic (or member-focused) aspects of new co-operatives were also present however, but were still tinged with outwardly focused, social mission elements:

The more we shared the more we ground others with the same beliefs.

It's easier to get the job done by combining resources together. In a co-operative, there is a willingness to share that you don't find in other business models.

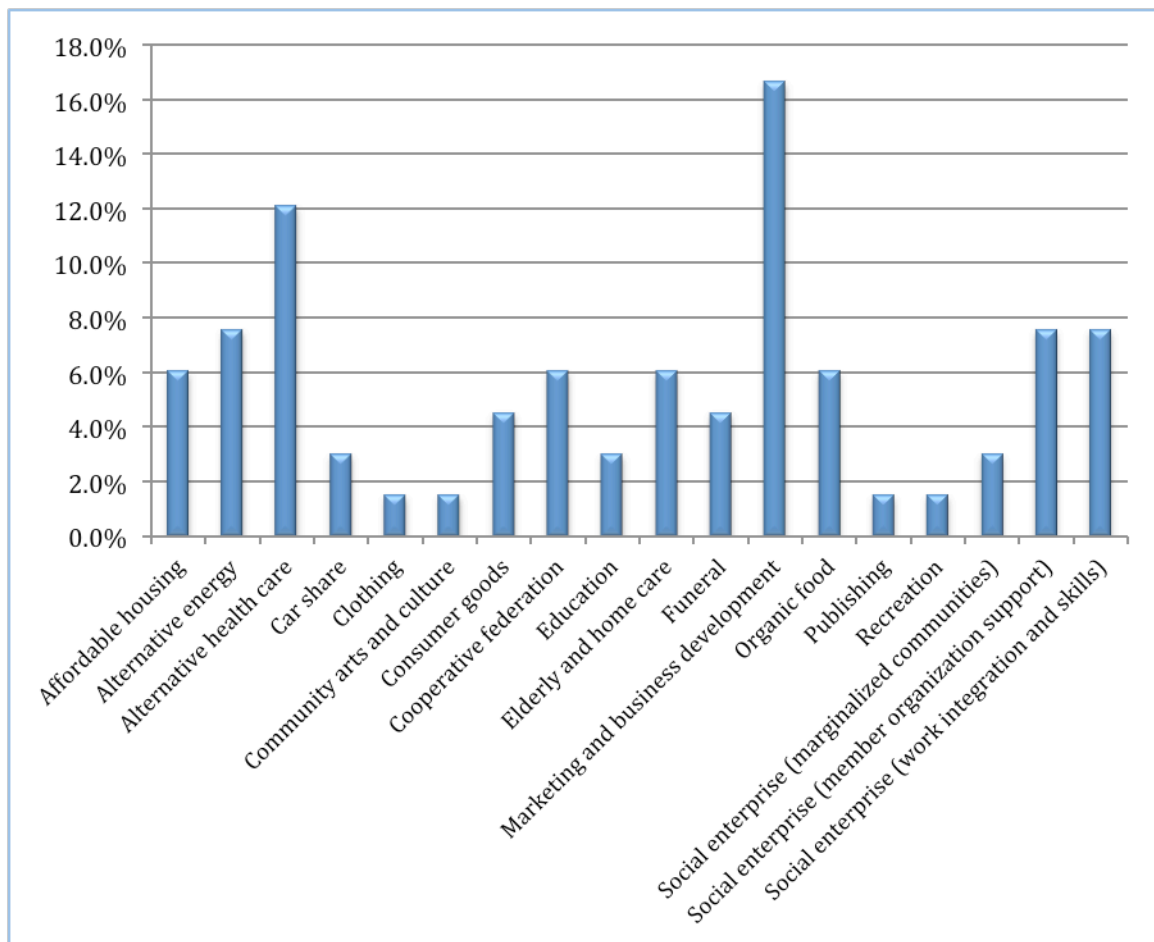
A co-op is I think more independent and more geared to a business model than say a community organization. It earns money and the profit goes back to its members, which is why I am inclined to have our association be a co-operative.

Yes, there is an awareness now among the workers [as to the benefits of the co-op for members]. In the beginning it was a means to an end. Initially it was about saving jobs. As we've developed and grown the business, we've become more aware of how we can influence both staff and the community.

Types of goods or services

When we filter the motivations for starting a co-operative through their goods and services produced or delivered (Figure 6), we again explicitly see a strong, outward, socially focused direction to new co-operative development in our survey sample. When we add the categories of elderly and home care co-ops and alternative health co-ops to the three categories of explicitly social enterprise co-operatives in Figure 6 (for marginalized communities, for supporting other social enterprises and for work integration and skills upgrading), social mission-driven co-operatives can be said to make up 36.4% of all new co-operatives in our sample from across Canada. And even when we restrict the data to the three categories in Figure 6 focused on marginalized communities, work integration, or co-ops that support them (the last three in the graph), more than 18.2% of our surveyed co-operatives are social mission-driven co-operatives, the numerical majority of our sampled co-ops.

Figure 6: Goods and services produced or delivered by co-operatives



(N = 66)

A second group of co-operatives with strong social or environmental missions but that are not explicitly social enterprises make up a further 50% or so of co-operatives that were surveyed, including co-ops focused on affordable housing, alternative energy, alternative health care, car sharing, community arts and culture, education, home care, organic foods and recreation. The rest of the co-operatives—around 30%—have more of a business-focused or economic direction, or, as in the case of marketing and business development-centred co-operatives, a mutualistic stream in the service of members or other stakeholders. However, even for these co-ops, rather than focusing only on economic interests, co-operatives with marketing and business development oriented goods or services are either first or second-tier co-operatives with missions oriented towards assisting other co-operatives or community organizations in their business or organizational needs, including marketing, management, governance and other business-related issues.

We must reiterate, again, that mutualistic reasons are also considerations for new Canadian co-operators. Rather, what we are claiming here, based on our data, is that social justice, community economic development, or addressing other social or environmental gaps or needs predominate as motivators for founding of co-operatives from our survey sample.

One further caveat needs to be made. The strong social and community orientations of new co-ops in Canada today in our survey sample could be argued to be an effect of the idealism or the broader socio-economic needs or ideological perspective of founders that, the co-operative literature has argued, infuses many new co-operatives to some degree in their early stages, and that as co-ops move through their lifecycle, more business-oriented concerns take over (Craig, 1993; Birchall, 2010; Macpherson & McLaughlin, 2008). Our survey and interview samples' handful of older, more established co-ops, such as a funeral co-operative federation in Quebec founded in the late-1970s, did tend to emphasize the business aspects of their co-operative projects over social or community aims, an often reported focus of older, more consolidated, and larger co-ops that lean towards more bureaucratic governance models (Diamantopolous, 2011). Notwithstanding this, it is clear that the founding and development of most co-ops from our sample are strongly motivated by outwardly focused social or environmental objectives and tend to be made up of key members that are rooted in community development or social movements. Indeed, this was even the case with perhaps the most business-driven co-op in our interview sample, a communications co-op from Alberta, with a strong social entrepreneur leading it, who emphasized that his social change interests over making money was the reason why he preferred to pour his entrepreneurial efforts into a co-op over a strictly money-making business:

All of us in our co-op want to make the world a better place and we want to have a job while doing it.... It's a business where you are working on something with others. So there have to be other values that ground co-ops besides just making money.

Why is the co-operative model chosen over other organizational models?

The answers to this question were diverse, positive, negative and complex. It also factored into the debates among founders and other stakeholders during what usually involves a long gestation period of a year or more for starting a new co-operative. Moreover, some of the founders and leaders of new co-operatives that were interviewed understood well the social, economic, environmental and even health benefits of co-ops for members over other types of corporate business structures (also see Birchall, 2012; Erdal, 2014; Pérotin, 2012). In short, most new co-operators understand that a co-operative is a business, but one that is socially focused for the benefit of members and the community and not only an economically driven enterprise.

The most articulated reasons for founding a co-op rather than another type of business focused on its suitability for organizing around a common project with individuals having common visions and goals. As a new worker co-op in founder in BC told us: “We chose a co-op model because...it fit the value proposition of our members.” Co-operatives are ideal for “working together to achieve something.”

Working together best happens via member ownership, many new Canadian co-operators in our sample feel. This is where members are personally invested in the business for a common goal or social good. “Member ownership is our co-op’s strength.” Or as another focus group participant stated, “The sense of ownership, feeling like you are a part of something for the common good, this is key [to the co-operative model].”

The democratic structure of co-operatives, or member participation, where members have a say in the business, is also viewed as a strength of the form. The “flat structure is good for member involvement,” stated a member from BC. The “common vision,” for one focus group participant, is best tackled via the “teamwork” facilitated by co-operatives. And co-ops were viewed as the ideal business model for maximizing participation in socially focused business endeavours, most focus groups participants agreed.

Finally, co-ops are seen to break individual isolation and enable common projects by pooling resources, which were reasons given by key informants in New Brunswick, BC, Quebec, Ontario and various focus group participants. Indeed, pooling resources is central to collective entrepreneurial action (Spear, 2012). Resources are pooled, moreover, in ways rooted in solidarity, as was articulated in our focus groups’ often used phrases of “sharing values” and “having common goals.” Pooling resources such as sharing ideas, bringing together members’ personal contacts in order to expand social

networks, gather money and other resources and mobilize effort facilitate provisioning for “community needs via mutualistic member support,” said one focus group participant. Another focus group participant stated regarding their Francophone co-operative in Ontario: “The co-operative model helps members break the isolation of the francophone community [in Ontario].”

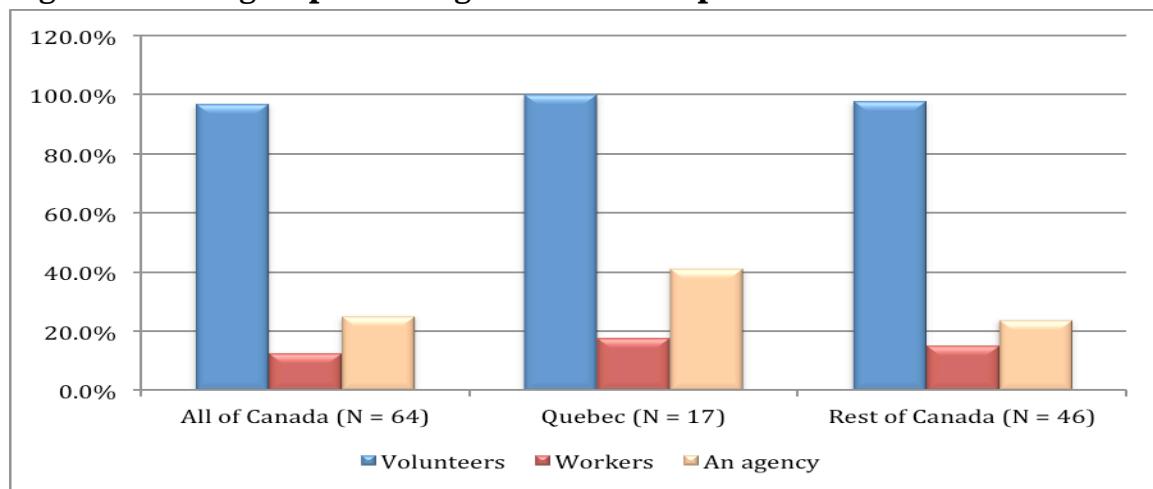
In sum, the co-operative model is chosen by co-operators who participated in our study for its perceived strengths of carrying out a common, community-focused project together, homing in on what has been called member ownership’s associational dimensions: solidarity, common resource pooling and for meeting commonly held needs, visions and ideals (Birchall, 2012; MacPherson, 2002). In other words, new co-operatives in Canada are being created to provide, in one way or another, for more sustainable, more inclusive livelihoods.

Who is involved and who benefits?

Main groups that organize new co-operatives

As can be inferred from Figure 7, the creation of surveyed co-ops in Canada is rooted primarily in voluntary activity. Groups from interested stakeholder communities—much more than workers from the same sector or agencies—join in collective action and volunteer their time for organizing new co-ops. No matter which way the information is cut, co-ops almost 100% of the time are being developed by volunteer labour. Depending on the region of Canada, new co-ops may or may not work with agencies. Agencies including government funded organizations, non-profits, community associations, and other social economy organizations. They are often not-for-profit organizations that have an entrepreneurial idea they are actualizing through the co-op model, therefore supporting in various ways the pre-feasibility and start-up of the co-op.

Figure 7: Main groups that organized the co-operative

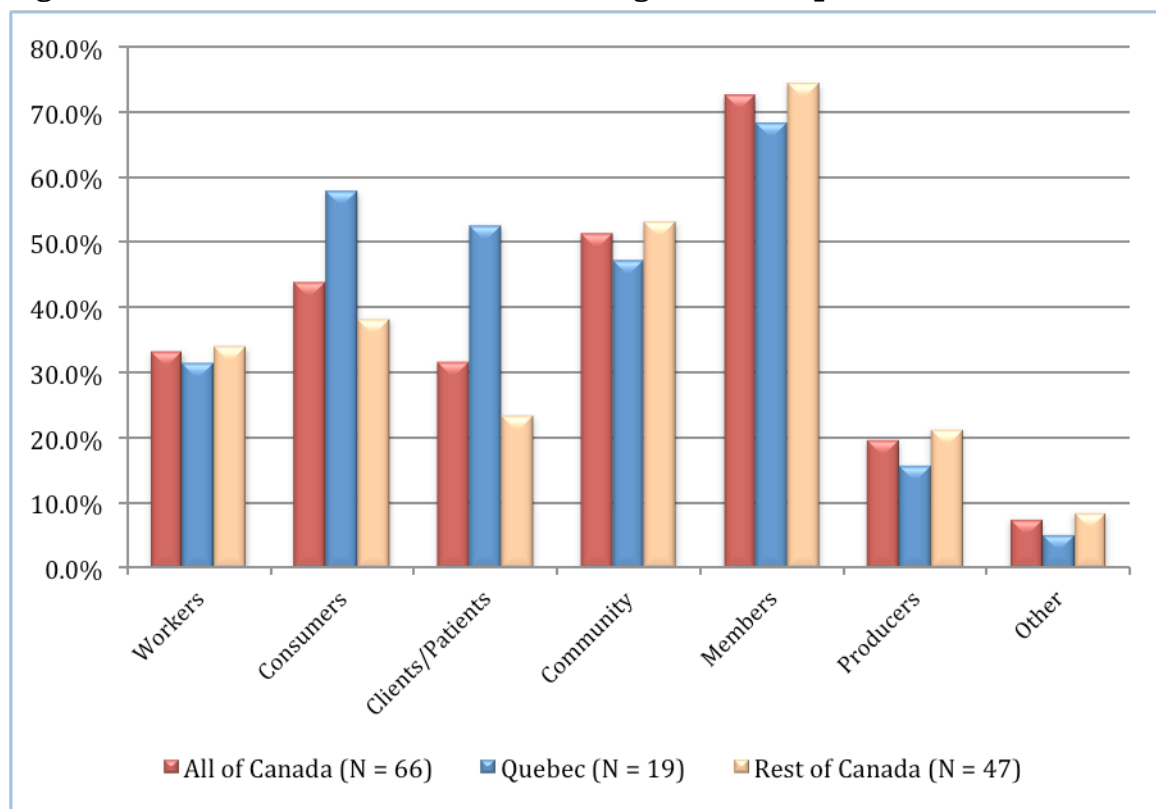


(Multiple answers)

Specific benefactors organizing new co-operatives

Canada-wide, excluding Quebec, “community,” “members,” and “consumers” are the most frequent benefactors (such as founders and supporters) of surveyed co-ops. This underscores the “insider social entrepreneurialism” suggested by Spear (2010)—throughout Canada, a collective entrepreneurship tends to emerge from *within* local communities and social movements (Figure 8). While in Quebec new co-ops also show strong benefactor groups of “members” and the “community,” in that province “clients/patients” and “consumer” groups exceed substantially these two groups’ involvement in the co-op early on when compared to the rest of Canada.

Figure 8: Main benefactors in the founding of the co-operative



(Multiple answers)

Strong leadership and collective entrepreneurship in starting new co-operatives

Finally, there is some evidence from our interview data that collective entrepreneurship in new Canadian co-ops might be catalyzed by a combination of the leadership of usually a group of visionaries that, in turn, assist in articulating the idea and in mobilizing the collective action of a larger group of founders.

Visionary leaders, according to key informants, predominated in seven of our interviewed co-ops. It is worth mentioning the words of two of these strong leaders to get a flavour of their influence in founding their co-ops:

What the co-op movement really needs is strong leaders working for nothing, like Moses Coady did in the Antigonish movement.... The leader has to be convinced that the [co-op] model works. Ideally they should have had previous experience with it, but co-op developers can help here. There is risk for sure. The original three founders were experts, for sure. We probably could have had folks that were more sober, but our board is quite sober [and this can add perspective and guide the drive of leaders]. But there is no doubt that the entrepreneurial spirit was very important [in founding our co-op]. There has to be a self-sacrificing entrepreneurial spirit, because benefits don't come quickly.... This takes a particular type of person.

The spark of entrepreneurship in our co-op model was key for us. Our values also aligned: progressive lefties who wanted to work for and in civil society, to do good work.... And, initially, we did some quid pro quo work as a lost-leader strategy with social economy groups and non-profit organizations in order to drum up future business.

The last quote begins to suggest, however, a greater tendency superseding the role of one visionary leader: the collective leadership and entrepreneurial efforts of a group of like-minded people with a common vision. That is, more often it was the efforts and shared vision of an interested group of stakeholders that catalyzed the founding of a new co-operative rather than just one visionary leader. Following are a few illustrative accounts of how collective leadership plays out in new co-ops in Canada today from our sample:

All the farmer [members of our producer co-op] are entrepreneurs. Their experience in individual business management has contributed to the structure and the wellbeing of the co-op.... The culture had to be created in the region to get producers to practice solidarity, to share information and knowledge. Certain members are in competition with each other, but they are open to share knowledge and products because of our co-op (for example, they buy and sell the other members' products). [This working together] strengthens the commercial exchanges and creates new opportunities.

While one family physician began with a wonderful vision for starting our co-op, [in reality it was that] several interested people got involved instigating presentations in [the region] about co-ops around health care that got us going. A few of us who have been patients at [a local community project] did some community forums and more and more people start coming and started joining and putting up the 50 bucks and everybody was excited. From that [collective and community effort] the idea of the co-op came up.

The depth of knowledge and expertise in the people that came together around this co-op is incredible. And the passion, too. If someone was listening to our board meetings from the outside they would think it's a party, not a board meeting. People really feed off each other. We have good relations with car share experts, our staff are very skilled, we have people on our board that have worked [in the provincial car insurance company], for instance. They bring this knowledge and passion to our co-op. Largely because we looked at all kinds of things and tried to envision what

[our city] was going to be like. Nothing else out there was doing what we were proposing.... [Our co-op] has captured the imagination of quite a few people, through media coverage and the efforts of our founders and board.

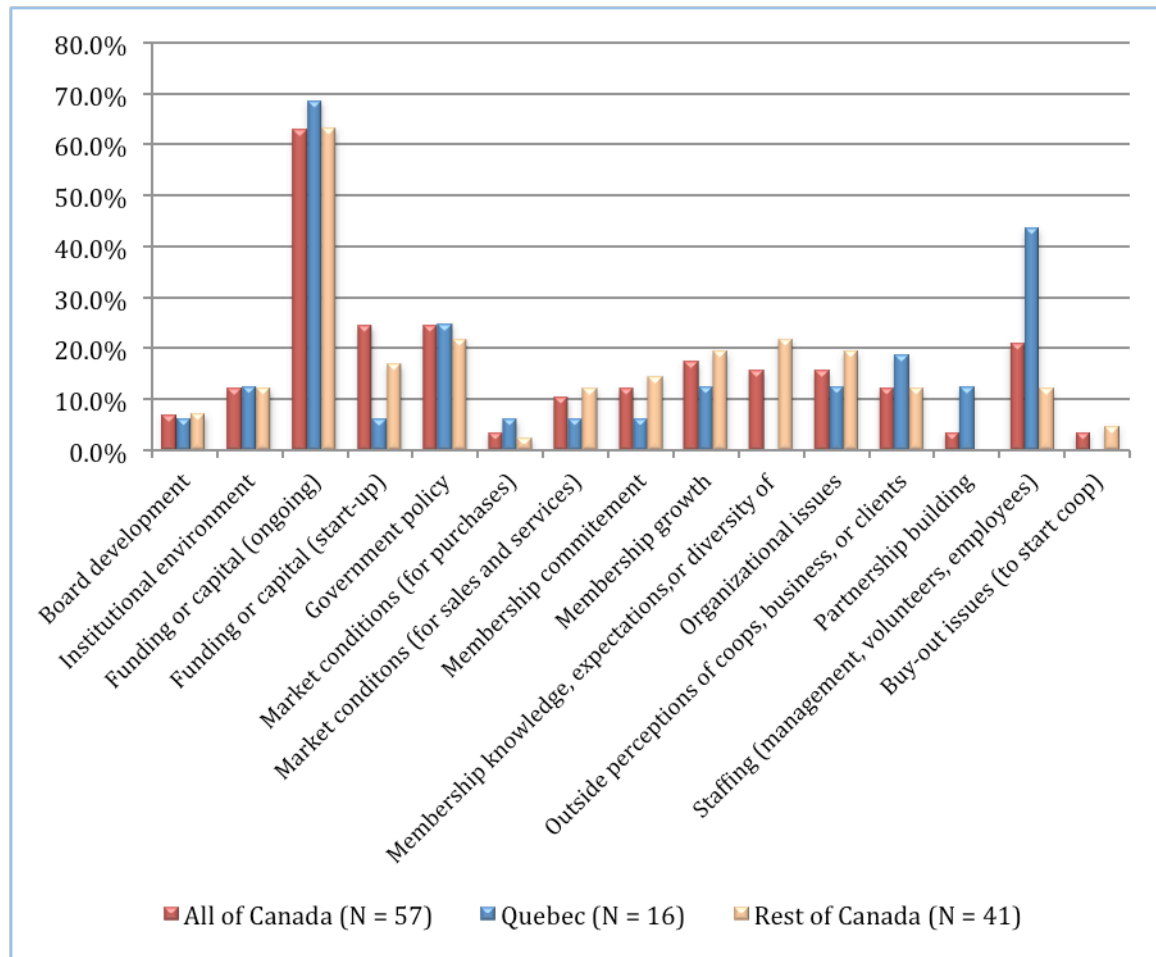
In sum, it seems that new co-operative projects from our sample are deeply ensconced in collective entrepreneurship with strong or visionary leadership that is often collective.

Key issues in starting and then operating a co-operative

General trends

While challenges are many in starting co-operatives in Canada, overwhelmingly, as Figure 9 clearly shows, ongoing financial and capitalization issues predominate. Staffing is also a main challenge across Canada, especially, it seems, in Quebec. Third is government policy, which could improve for 25% of our surveyed co-ops. From across Canada, as well as for 25% of coops from Quebec. Fourthly, membership growth, membership education and diversity and organizational issues also remain important challenges for young co-ops in Canada. Based on our interviews, organizational issues tend to include: establishing long-term and meaningful bylaws and governance structures, as young co-ops tend to focus on getting the co-op going and establishing their services or goods production processes, market penetration or securing funding, rather than long-term organizational governance issues. Also interesting and telling of the additional supports available in Quebec is that access to start-up funds is not nearly as much of an issue, by far, in that province as it is in the rest of Canada, although staffing was more of an issue by far in Quebec than in the rest of Canada.

Figure 9: Main challenges faced by new co-operatives in Canada



(Multiple answers)

Challenges in the early days of founding a new co-operative project

Starting a co-operative necessitated a long gestation period for most of the co-operatives we engaged with. Careful assessment, research and debates among key stakeholders are the norm in founding new co-operatives today. As well, co-operative developers are key for assisting founders in navigating the intricacies of establishing a co-op in the gestation phase.

Almost all of our interviewees, we found, did not have previous experience with working at, not to mention founding, a co-operative. Two indicative responses concerning their initial inexperience with co-ops from our interviewees are the following:

[Many of the founding women of our co-operative] were naturally entrepreneurial, so they had experience in setting up a business, but none had set up a co-op before.

No, we were not ready at all to start a co-op. We were people that were convinced by an idea and wanted to realize a project together. This is what guided us [at the beginning].

Rather than previous experience with co-ops, what founders bring to the table are strong visions and ideas; experience in a particular economic sector, a social movement, or in community development; and the ability to lead others in carrying out a common project. This was common between co-ops from the rest of Canada and Quebec. A common response here was offered by *chargée de projet* of the agricultural producer co-operative from Quebec:

No, I nor any of the founders, had not been involved in the creation of a co-op before, although we had a little bit of knowledge about co-op development from some members with experience with producer co-ops before. But, mainly, we all brought sectoral skills in agri-food, the desire for personal autonomy and the ability to establish contact with people and organizations.... But, most definitely, some tools related to the co-op model were lacking. There were also gaps in business development skills.

For the *chargée de projet*, the local Coopérative de Développement Régional Québec (CDR)⁹ and the specific co-op developer that worked with them were of great assistance in these early stages, as is the case concerning co-op developers with most of the co-ops we interviewed and surveyed. Two other interviewees echoed similar experiences:

No, none of us had experience in founding the co-op.... None of us knew what a co-op was at the beginning! [The co-operative developer] spent lots of time with us communicating to us what a co-op was about. You know, [the co-op developer] did a great job with helping us with the bylaws, with governance; he met with staff that were involved at the time and tried to explain as much as he could.

The original people that organized around the founding table did not have experience in starting a co-op. But we did hire [a co-operative developer] to guide us through that first research project and the actual formation of the market as a co-op, so he was our first go-to person around co-operative issues.

The founders of another Quebec co-op—an urban agricultural multi-stakeholder co-op—pooled their occupational knowledge, past experiences in the economic sector and its founders' experiences in the social economy, alluding to the connections with either some aspect of the social economy, related social movements, or both:

I brought skills in the management of agriculture businesses. I studied in agronomy. I also have skills in the non-profit sector.... We had people knowledgeable in our economic sector. We also had one person with co-op development knowledge in the housing sector [that brought that knowledge to our multi-stakeholder co-op].

⁹ A CDR is a co-operative of co-operatives and associations regionally established across Quebec that are dedicated to the support, creation and representation of co-operatives in order to contribute to the sustainable development of Quebec.

Those that have had some experience with co-operatives previously, or that took an active role in founding the co-op, tend to become the leaders of the co-operative and are tasked informally with educating other members and stakeholders regarding communicating the benefits of the co-op and the co-operative principles and values. One of the founders of a communication co-operative stated his leadership role as founder thusly:

A co-op is not the easiest thing in the world to start in terms of paper work and planning, it's really hard. Everyone comes to it with his or her own opinion. My job was to get everyone to have a similar opinion to get things going. I spent five months doing market research, looking info up, calling competitors, etc.

Most founders also conducted extensive research into various organizational or business models most appropriate to their initiative, with much stakeholder consultation before deciding to form a co-operative. Debates as to what type of business the collective should form ensue early on, with the not-for-profit or for-profit, association, or co-operative models all open to consideration and deliberation:

I think people were ready to stop talking about whether or not we should form a co-op or some other kind of organization! But I think there were enough people around the table that were convinced that we should go ahead with the co-operative model. Some people weren't really sure and some people were just fed up that we hadn't formed it already, even though they didn't necessarily believe in it at first. We...spent around two years in researching it, having many conversations about it, doing the due diligence etc. and we just wanted to go forward with it.

For instance, we had to decide between a for-profit and a non-profit model. We decided to choose the for-profit co-op model, because we didn't want to rely on recurring grants each year to break even.... It takes advice from someone who's a specialist in co-ops to help you decide. Some people want to be more community involved and others want to keep more the private business aspect.

In the end, there are tensions, debates and even frustrations amongst founding stakeholders regarding the unknown legal terrain, difficulties in coming to collective decisions and, more than anything, the time it takes to start a co-operative project. But many in our interviews and focus groups felt that this long gestation period was a positive thing, ultimately, for establishing more solid foundations for their co-operatives. And it is worth mentioning again the strong role of co-operative developers for overcoming some of these steep learning curves during start-up.

Governance issues

Establishing proper by-laws and governance processes often falls behind business planning and decisions with co-operatives from our sample. Governance, by-laws and policies often are left for later stages of development, which leads to early difficulties in choosing board members, having a representative board, having a solid and sustainable

membership growth plan and so on. Those that attended to these associative issues early in their development seemed to perform better as a business later on. For new co-operatives that do not secure sound by-laws and governance early on, there is a challenge later when strategic decisions must be made. Indeed, the one Quebec co-operative that we interviewed that ended up eventually closing did so primarily because their governance structure was not firmly established early on, leading to miscommunication and misunderstandings between the board and the membership.

The crucial nature of establishing sound governance policies early on is highlighted by two participants in our study. In the first case, a co-operative developer was contracted to assist in re-ordering their by-laws and other governance issues:

[We're] still figuring out our governance and we're in year six and we don't have our governance figured out yet...it's a bit crazy! We are still developing our protocols, which requires time and patience, like HR policy. This is one of our main challenges for sure moving forward, in order to further grow our co-op and we recently hired a co-operative developer to help us out with this.

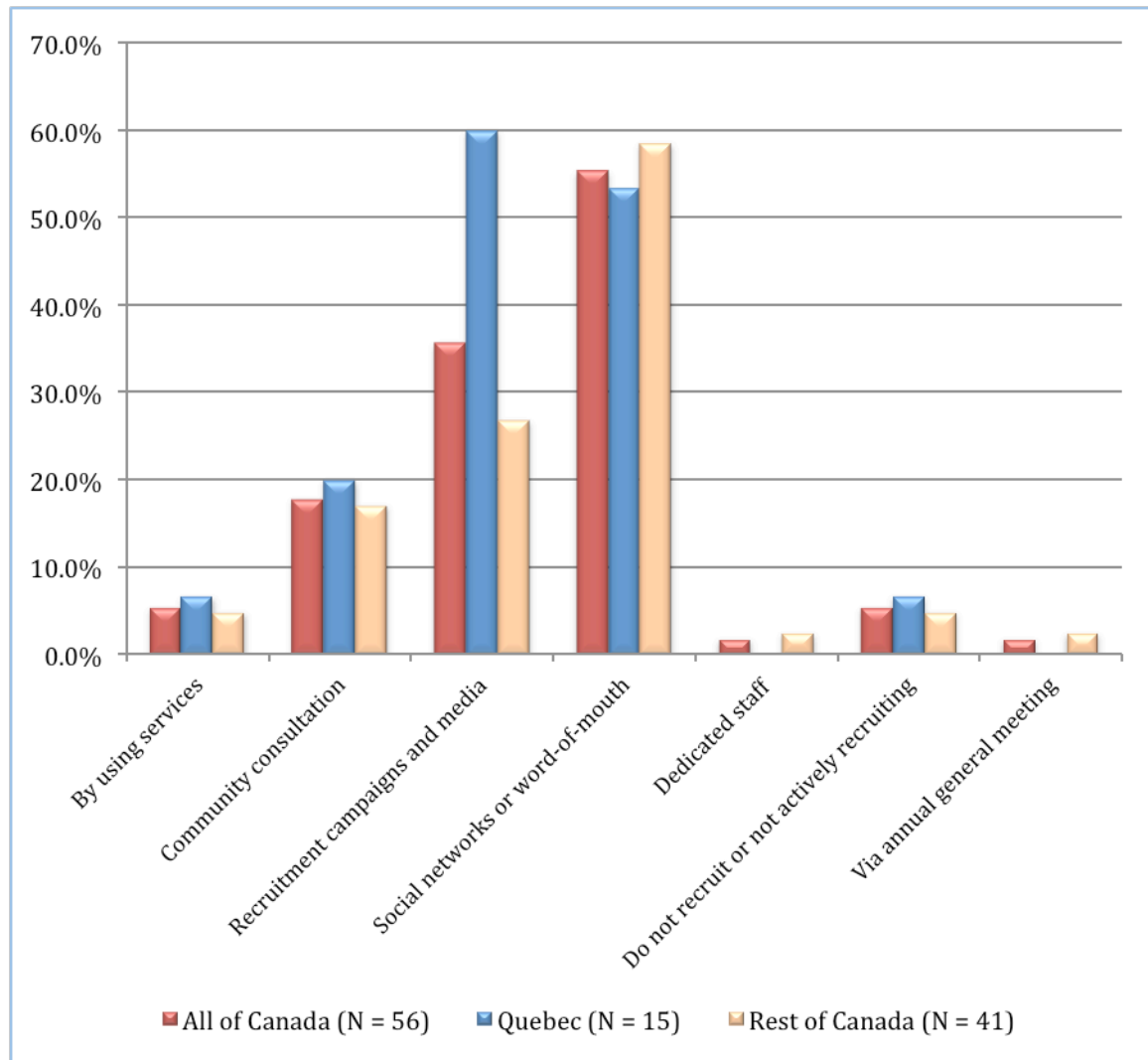
There's a lot of talk around local food right now [the economic sector of this co-operative] so the co-op has to get into expansion mode right now, which requires a solid and efficient governance structure to respond quickly. Three years ago, the ED worked hard to solidify the governance via, for instance, a manual for members, conflict resolution processes and so on. Three years ago, the co-op was less structured, for both governance and finances. Now, the co-op is in a better position to answer to new demands. It has a better control on finance and we know where we're going.

As the above quotes allude to, establishing governance protocols and structures early on in the development of the co-operative is vital, especially concerning the paradox of participative decision-making that we explore later.

Recruiting new members

When we asked our survey respondents how they recruited their members, the role of personal and collective social networks came into clear view (see Figure 10). On the whole across Canada, members of surveyed new co-ops are recruited informally, by word-of-mouth and via founders' personal social networks. This is especially the case in the rest of Canada outside of Quebec. In Quebec, especially amongst the multi-stakeholder co-ops we surveyed and interviewed, recruitment campaigns and targeted media or social media are relied on for member recruitment. Another important source of membership recruitment is community consultation, a strategy used to great effect with some of the co-ops in our sample. A small number of co-ops, especially in the retail foods and consumer goods and services sectors, recruited members from their clients and users.

Figure 10: How members are recruited ¹⁰

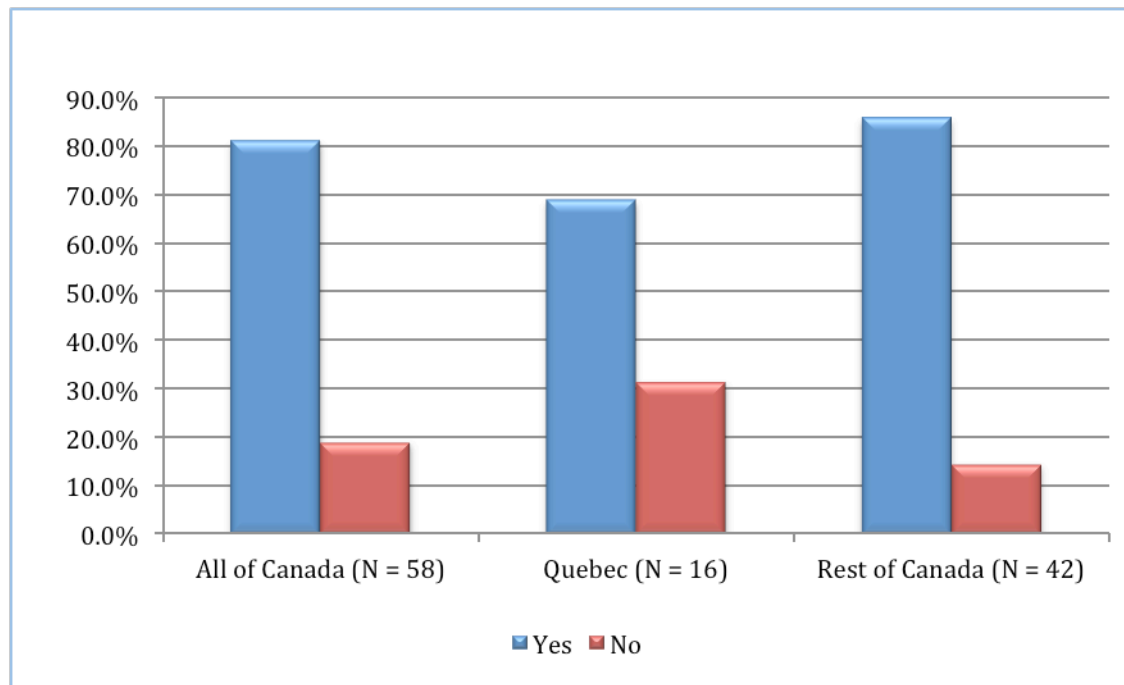


Membership retention

Perhaps because the Quebec co-ops we surveyed mostly rely on recruitment campaigns or because many of them were multi-stakeholder co-ops with memberships based on a diversity of interests, Figure 11 shows that Quebec seems to lag behind the rest of Canada somewhat in membership retention. That is, new co-ops in Quebec seem to have a higher member turnover rate than new co-ops in the rest of Canada. On the whole, however, members tend to be retained at a healthy level with new co-ops across Canada, indicating to some degree the strength of member commitments to the co-operative project. So while member retention is not a challenge, *per se*, for new co-operatives, it is something they need to be aware of.

¹⁰ "Community consultation" includes presence in community, co-op federations, associations, etc.

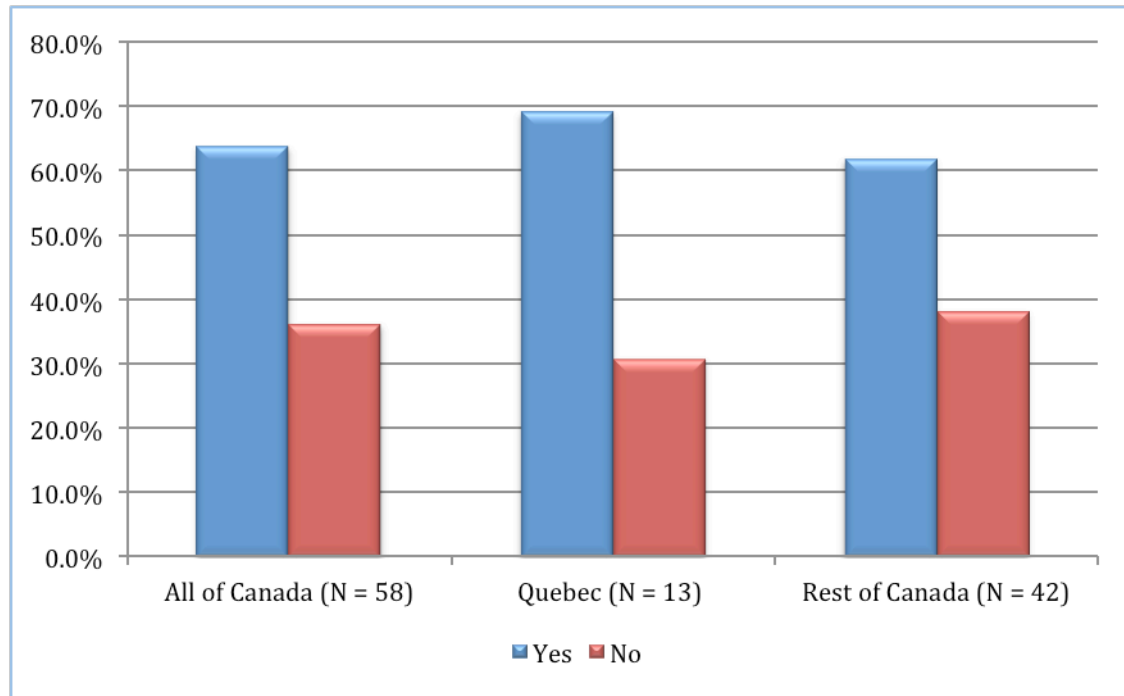
Figure 11: Whether members have been retained or not



Expectations of membership numbers

But perhaps Quebec's lesser rate of retained members is to be expected given that, according to Figure 12, surveyed co-ops from Quebec have a slightly higher rate of expectations regarding member numbers than co-operatives in the rest of Canada. In the main, however, expectations of the number of members for new Canadian co-operatives in our sample tend to be met and fairly the same across Canada. Roughly 2/3rds of surveyed Canadian co-ops have, indeed, met membership number expectations.

Figure 12: Whether expectation for number of members has been met



Membership engagement

Together with challenges around capitalization and funding, two failed co-ops identified by our study pegged their failure mostly with lack of ability to motivate members to continue on with the co-operative project. And, overall, of vital importance for the success of their co-operatives for most of our key informants was steady membership growth and engagement. It was important, they felt, to get members excited about and engaged with the co-operative. Membership engagement is especially important for board succession and the overall and long-term sustainability of the co-operative.

Many of our interviewed co-operatives are using communication and education initiatives to educate and engage members. Vehicles for encouraging membership participation in the co-op include: newsletters, keeping websites up-to-date, social media strategies, educational workshops (on co-operative values and business issues) and engaging in community events that also promotes the co-operative locally.

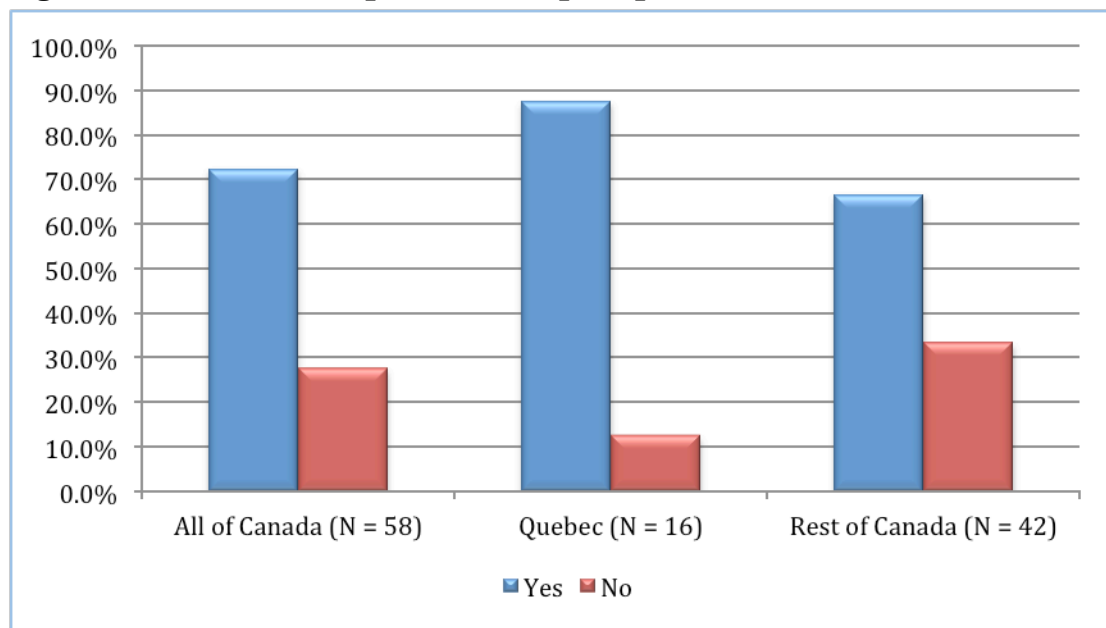
But we also noticed a paradox to membership engagement, related to the paradox of volunteering (both of which we touch on more fully in section III). In short, there is

tension between the conflicting interests that come with a diversity of members with at times conflicting needs or ideas.

Employees

As Figure 13 lays out, the majority of new co-operatives in Canada that we surveyed have paid employment, while Figure 14 shows that most have less than 10 paid positions. Comparing Figure 13 with Figures 16, 17 and 18, most of the labour of running new Canadian co-operatives are done by volunteers. Paid positions, according to Figure 15, are mostly permanent and almost equally made up of some full-time (mostly administrative) and some part-time (mostly customer service) positions.

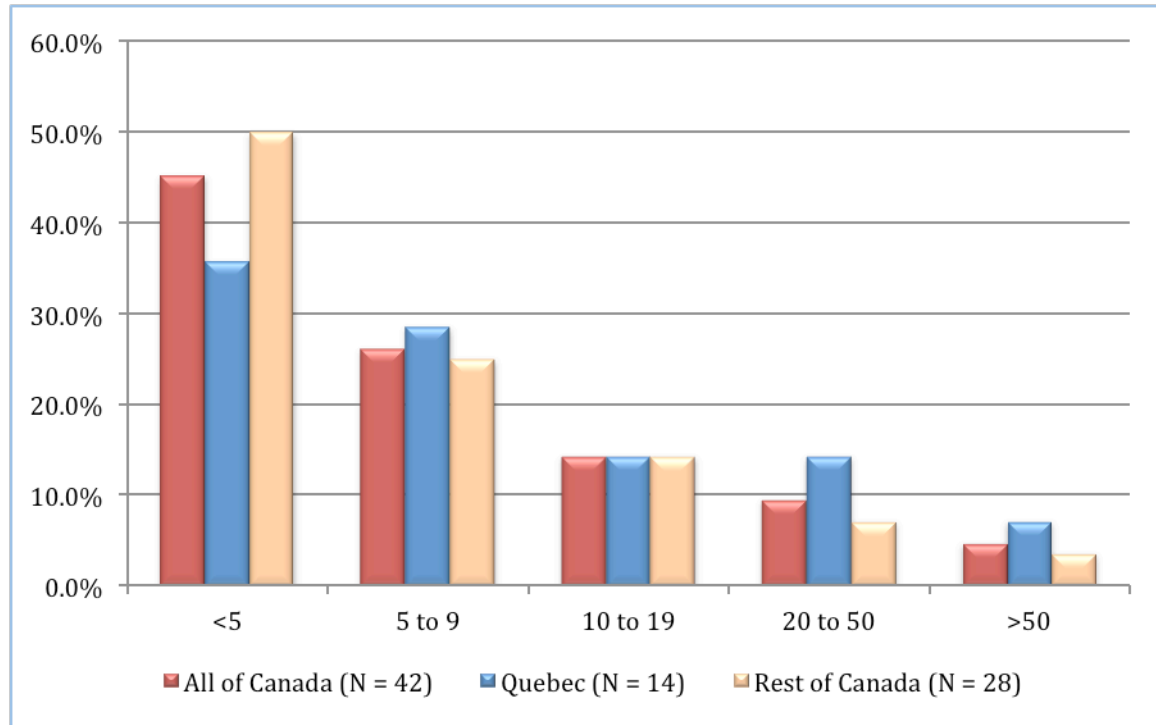
Figure 11: Whether co-operative has paid positions or not



A point that comes to mind here (and that deserves further research) is the nature of the paid positions in new Canadian co-operatives today. For instance, an under-researched area of co-operatives in Canada today—and especially new co-ops, with virtually non-existent research in this area—are employee’s perceptions and experiences of their job environment, how secure they feel in their jobs, the level of wages paid and whether they are in line with comparable jobs in the non-profit, public and corporate business sectors and the conditions of the workplace and other wellbeing factors for workers. In line with Birchall & Hammond-Ketilson’s (2009) research, the fact that most paid jobs at new Canadian co-operatives from our sample are permanent might suggest why co-ops are actually more resilient than conventional firms during economic downturns, and is in line with Pérotin’s (2012) findings that they actually provide better jobs that are more sensitive

to the needs of local workers and communities. Moreover, an area that needs further research in Canada is the relationship between co-operatives and unions.¹¹

Figure 14: How many paid positions

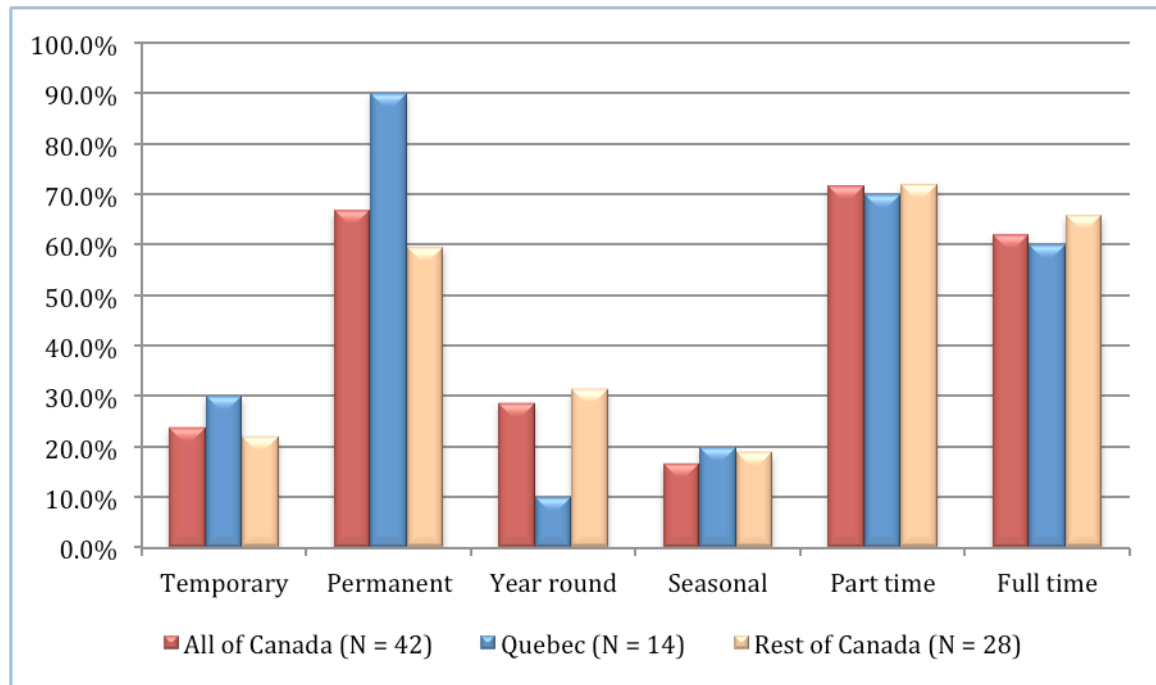


Types of paid employment

On the whole, new Canadian co-operatives from our sample employ less than 10 paid positions (see Figure 14). Our data in Figure 15 also suggests that full or part time jobs at new Canadian co-operatives tend to be somewhat secure (given that most of them are permanent jobs). Indeed, it seems that paid positions in new co-ops in Quebec are more likely to be permanent full time or part time positions than the rest of Canada, although Quebec also employs slightly more seasonal and temporary positions than in the rest of Canada. But this might be related to the fact that co-op positions in Quebec are more likely to be paid and so have more workers/paid positions in various temporary/permanent, seasonal/year round configurations.

¹¹ Some work has been done in this area in Quebec (such as Patry et al, 2013; Girard, 2009).

Figure 15: Duration of paid positions

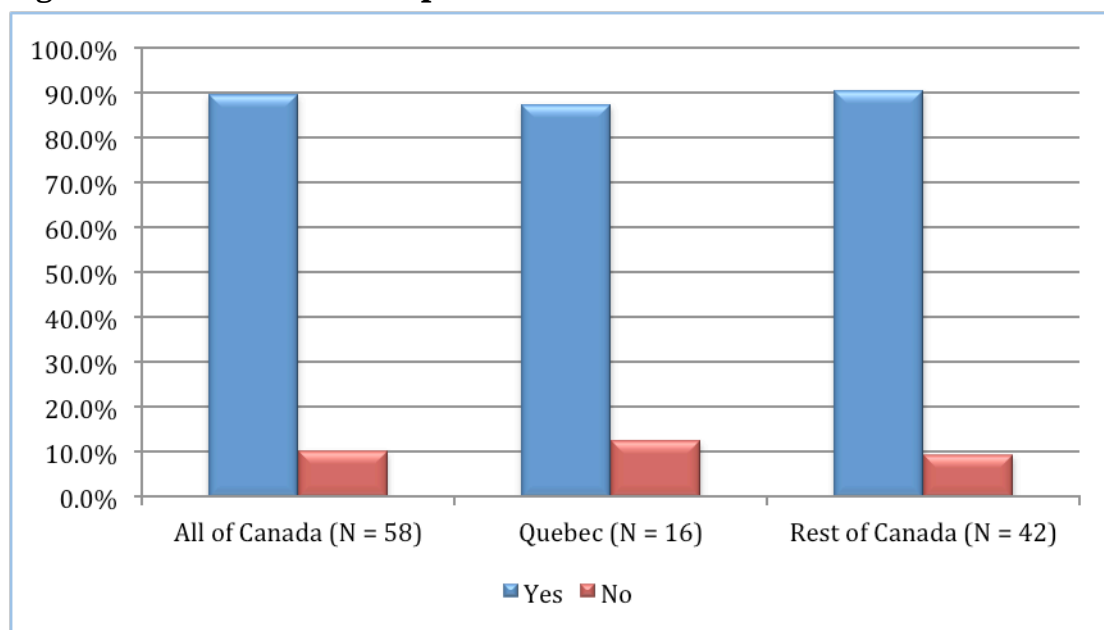


(Multiple answers)

Volunteers

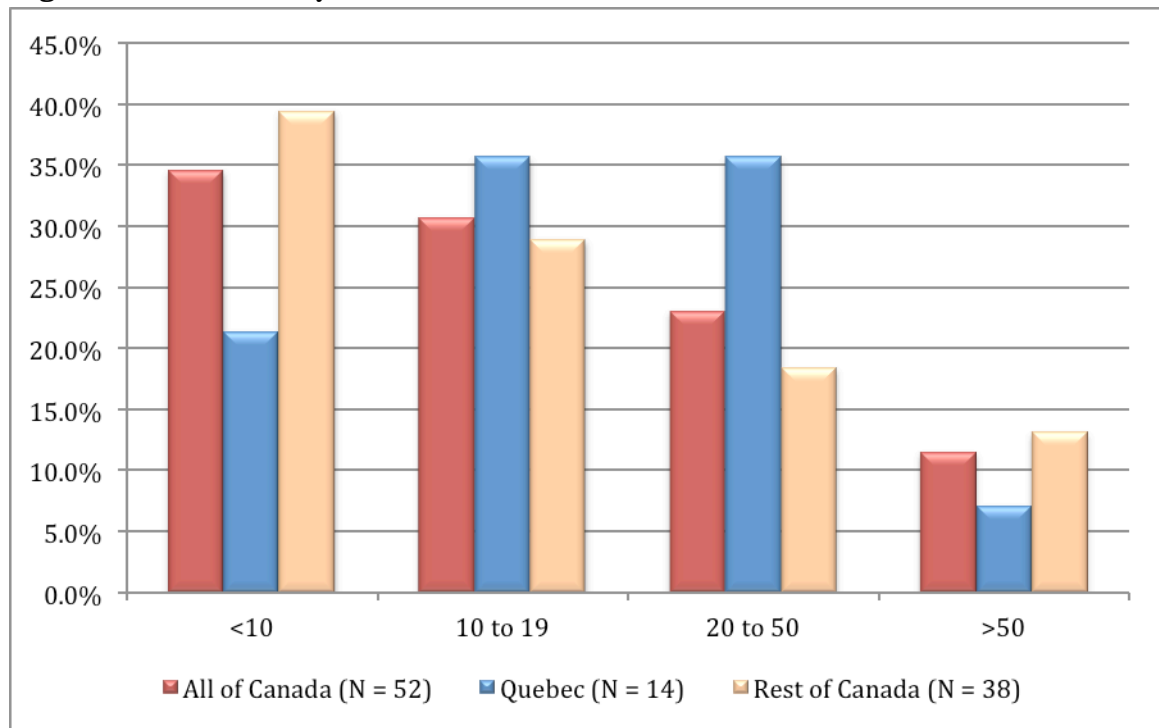
Almost all new co-ops that we surveyed—around 90%—have volunteers and rely heavily on volunteer labour (Figure 16). Here there is no significant difference between Quebec and the rest of Canada.

Figure 16: Whether the co-operative has volunteers or not



While, as Figure 17 shows, the rest of Canada tends to have fewer than 20 volunteers on average per co-operative in our survey sample, Quebec co-ops tend to have between 10 and 50. Why this is the case deserves further research. We suspect this is, in part, because our sample had more medium and large co-operatives in Quebec relative to the rest of Canada. We certainly cannot say from our sample size that this trend is generalizable to all Quebec co-operatives. However, it does allude to another possible difference between new co-operatives in Quebec and the rest of Canada that could point to a greater commitment in that province to co-operatives by stakeholders, in co-op's strong social objectives and to the fact that solidarity-based co-ops—a fair number of our survey's sample and a strong co-operative model in Quebec—foster more committed members.

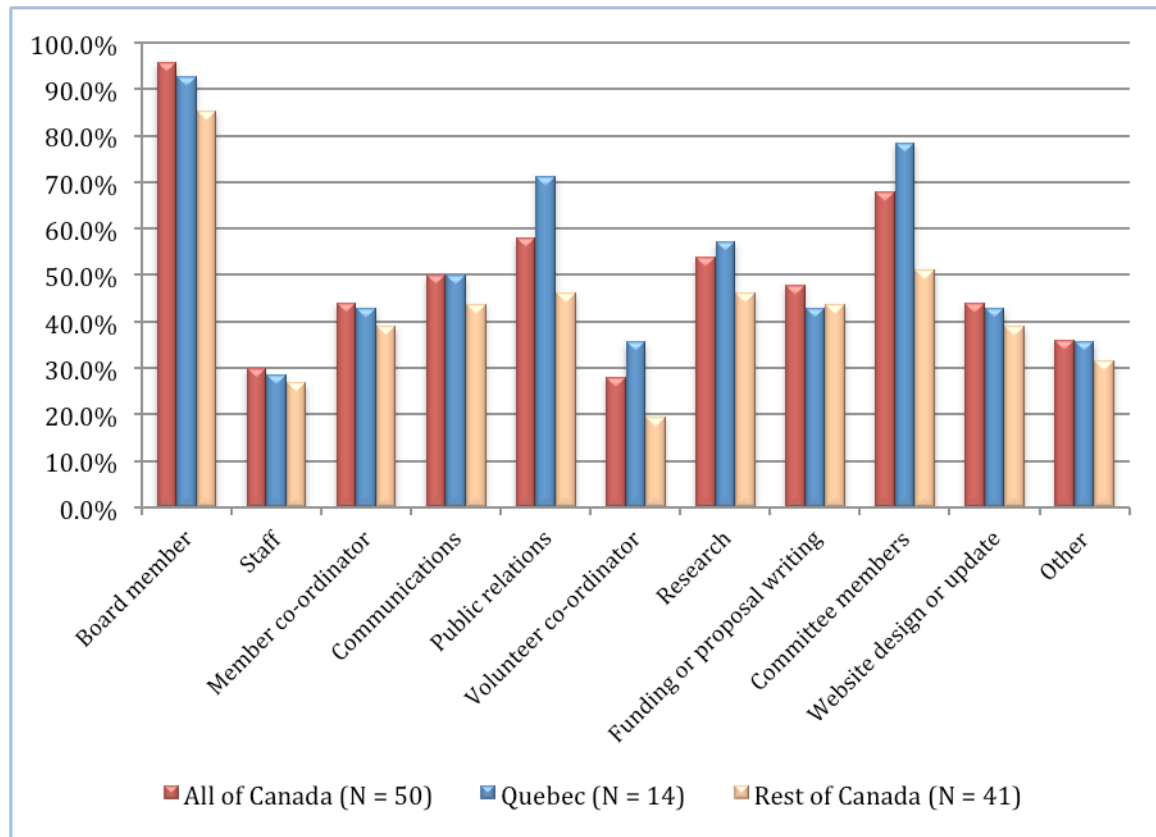
Figure 17: How many volunteers



Type of volunteer activities

Figure 18 shows that volunteering activities (that is what volunteers do in co-ops)—are quite uniform across Canada, topped primarily by participation on the boards of co-operatives and in committees. Not surprisingly and supported by the literature on volunteering in co-ops, volunteer labour is present in all organizational activities of co-operatives from our sample (Duguid, Mundel and Schugurensky, 2013a; Schugurensky, Mundel and Duguid, 2006). Indeed, it is safe to say that new co-operatives in Canada rely heavily on the volunteer labour of members.

Figure 182: Types of volunteer activities



(Multiple answers)

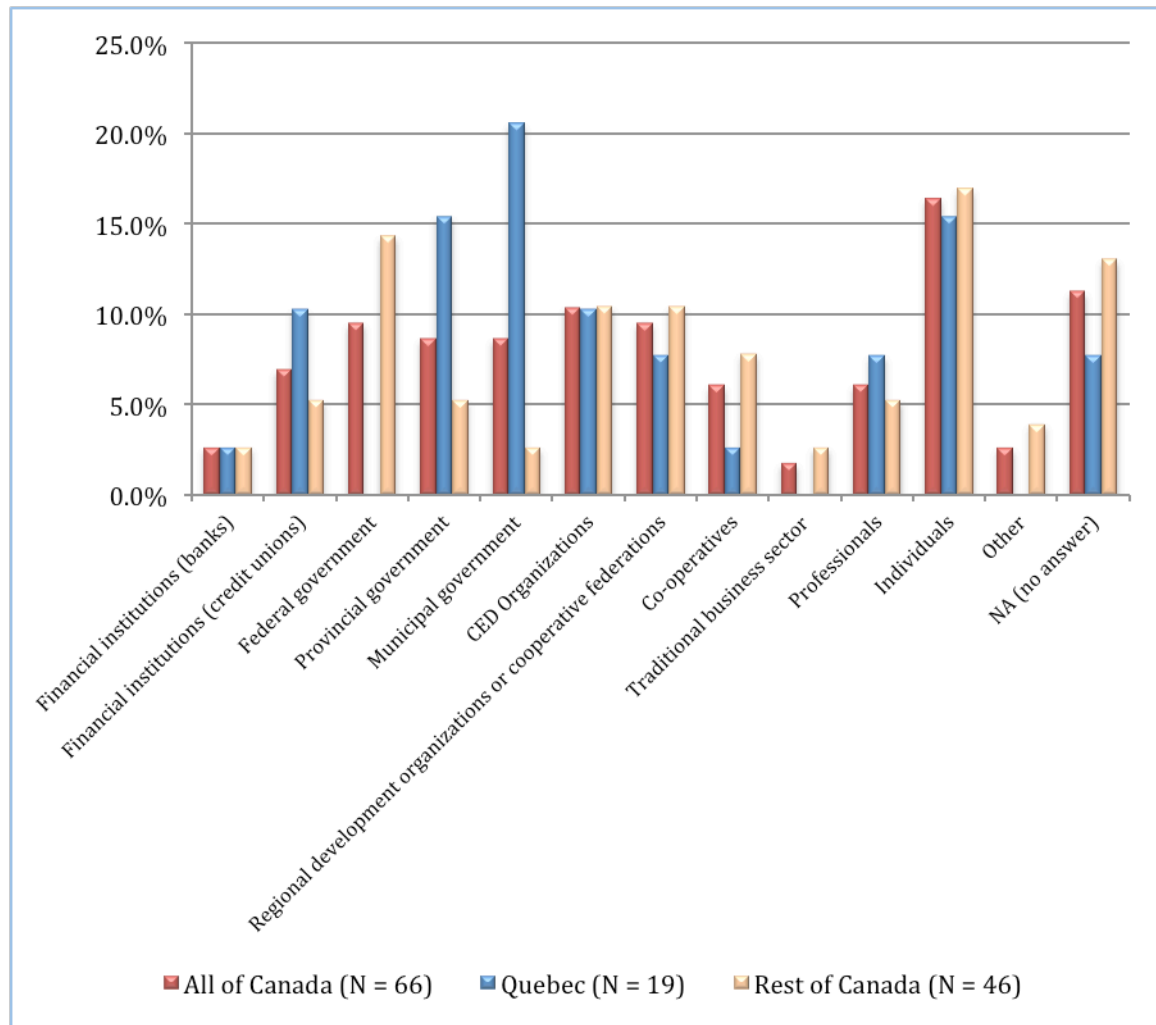
Supports for Co-operative Development

Sources of support

In the rest of Canada, the major sources of support (Figure 19) for overcoming challenges tends to be individuals—members, investors, co-op developers and other professionals—together with federal initiatives (mostly for those co-ops in our sample, via CDI, but also other resources such as community futures), provincial government initiatives (such as regional economic development programs) and other CED community development initiatives. Collectively, when all of Canada is taken into account, individuals were the major source of supports, again alluding to the force of collective entrepreneurship in new co-operative development in Canada today. But the Quebec difference here is clearly marked when we see that no federal funding—including CDI, we learned from our interviews and deeper analysis of our survey data—was used for overcoming challenges. In Quebec, supports for overcoming challenges come primarily—and perhaps not surprisingly given the role of local players in co-op development in that province—from municipalities (even more than the strong showing of individuals), provincial initiatives

(CLD,¹² RISQ¹³ etc.) and then from CED organizations, regional development initiatives and co-operative federations. With the exception of Desjardin's strong involvement with the social economy and co-ops in Quebec,¹⁴ credit unions generally fall far short in continued support of new co-ops with their ongoing challenges in all of Canada. Finally, and perhaps not surprisingly, the traditional business sector is virtually non-existent in supporting the ongoing challenges of new co-ops from our sample.

Figure 19: Where supports to overcome challenges came from (besides revenues)



(Multiple answers)

¹² Centre locale de développement, or local development centres.

¹³ Réseau d'investissement social du Québec, a fund established in 1997 to provide financing to social economy enterprises including co-operatives.

¹⁴ Via favourable loans and funds available from the Capital Regional et Co-operative Desjardins (managed by Desjardin's Capital de Risque) (Mendell, 2011).

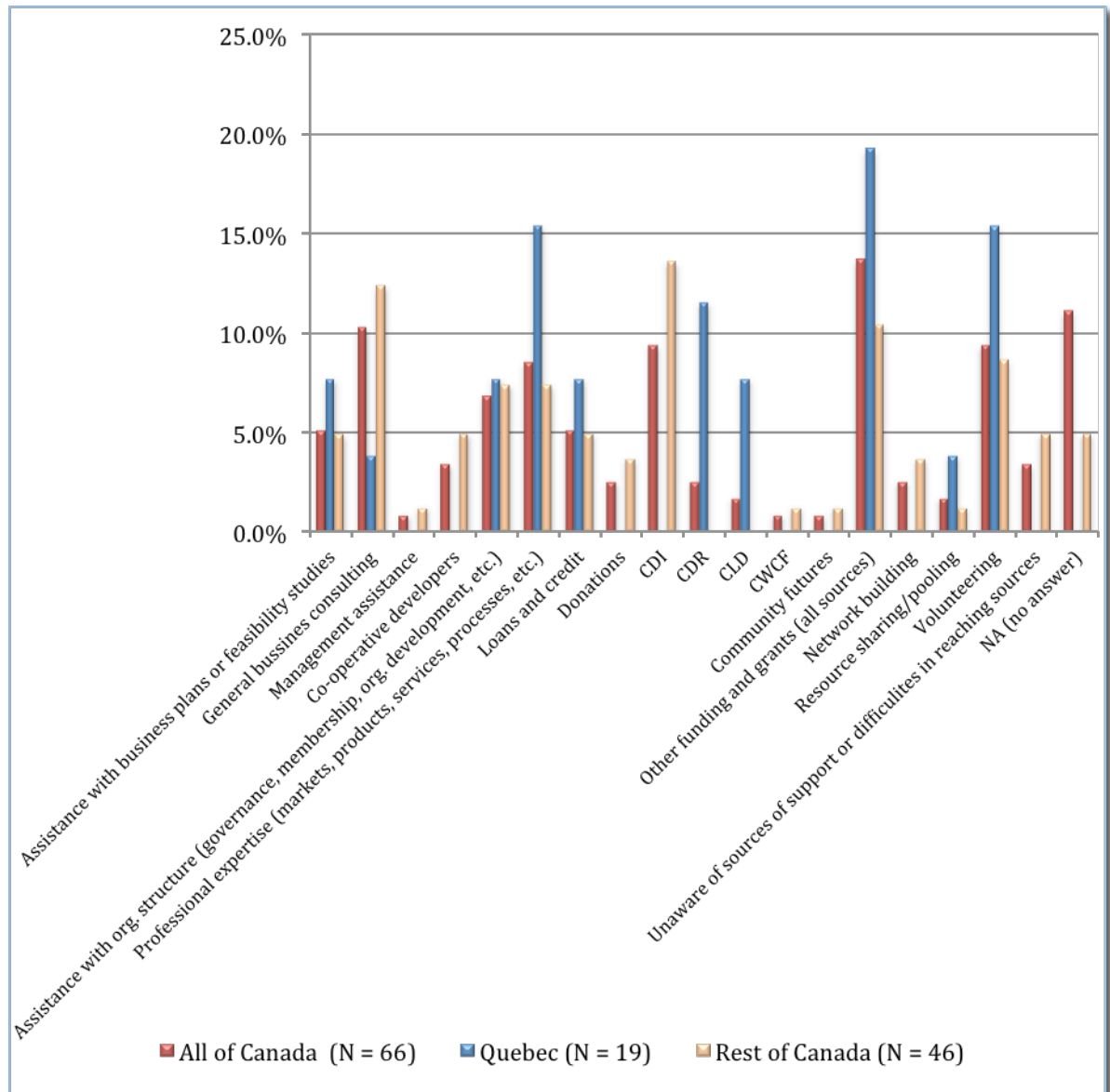
Figure 20 brings into clearer view the support mechanisms, or the types of supports, used by new co-ops to meet their ongoing challenges, especially for ongoing financial and capitalization issues and staffing needs once operational (including membership growth, volunteer recruitment and paid staffing).

In the majority of Canada, fund-granting bodies are relied on for these challenges, especially during the early stages of the co-operative when sufficient revenues to meet ongoing operational costs have not kicked in yet. In Quebec, CDRs and CLDs tend to provide access to these funds, and also via Desjardin's community development capital funds and other provincially and municipally administered sources of funding. Across Canada, mostly provincial but also some federal sources are used for meeting the challenges of initial operations start up, new market access, or transitioning into new products or processes. The New Brunswick producer co-op we interviewed offers a typical scenario for a new Canadian co-op seeking this capital bridging; the key informant also expresses the inherent frustrations and insecurities for co-op boards and administrators when seeking out such grants (a point we will touch on in the next section and in the "paradox of funding" discussion in section III):

[Our] farmers' market...is bringing enough revenues for our normal operations, but special projects are developed with grants. The co-op wants to get transitional funding from the province to start [a new] project, because even if it's going to be profitable in the second or third year, we need funds for the first year. But there are not a lot of funding programs for co-ops here. [Locally], co-op development is done by CDR-Acadie...and by the Co-operative Enterprise Council of New Brunswick. At least there are co-op developers available. *But for the funding available at the province level, it's very rare, unless you have a good business plan that allows you to request funding in programs for businesses.* (authors' emphasis)

Another major group sought after by new Canadian co-operatives for meeting challenges are various types of individuals, such as co-operative developers and professionals, often providing pro-bono and other support work for business plans and feasibility studies, as well as general business consulting. Volunteers are a third source of assistance from individuals. This volunteering is mostly carried out by co-op members, but at times also from people outside of the co-operative. The reliance on volunteering is to be expected given, as we already discussed, that new Canadian co-ops are important sites for volunteering in Canada today and that much of the work of running a co-operative is rooted in volunteer labour, as Figures 16, 17 and 18 clearly articulated.

Figure 20: Types of supports used to overcome challenges¹⁵



(Multiple answers)

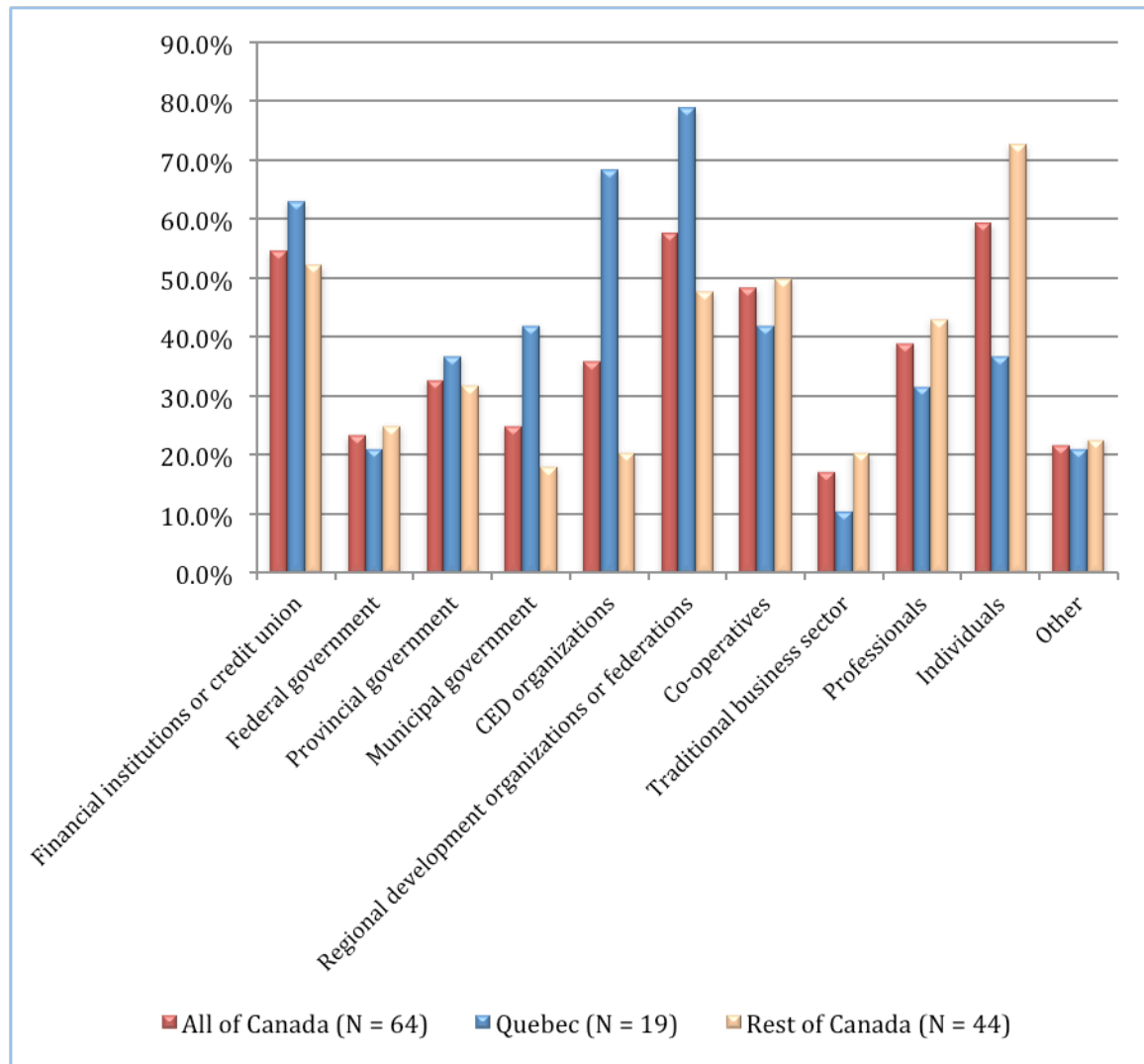
Groups and agencies that new co-operatives in Canada partner with

As Figure 21 shows, across Canada, CED organizations, other co-operatives, financial institutions and credit unions (in some contrast to our interviews, as we will address shortly) and, interestingly, individuals (again pointing to collective entrepreneurialism) are all key in partnering to develop and start co-ops from our sample. Tellingly, the Federal, provincial and municipal governments are less relevant across all of Canada, but provincial governments—perhaps with no surprise given the provincial nature of

¹⁵ CDI is Co-operative Development Initiative. CDR is Coopérative de Développement Régional Québec. CDR is Association des Centres Locaux de Développement du Québec. CWCF is Canadian Worker Co-operative Federation.

Canadian co-op legislation (Petrou, 2013)—tend to be more relevant. This trend is even more marked in Quebec, especially regards the lack of participation in co-operative development by the Federal government and the active support in co-operative development by the provincial and municipal governments there. Again, given the strong role of recent Quebec governments in supporting its social economy organizations and the co-operative movement for local development in the province, this is not a surprise.

Figure 21: Organizations engaged or partnered with in developing the co-operative



(Multiple answers)

But, the major difference in Quebec from our sample seems to be the support of the provincial government provided at the local and regional level through CED institutions

such as RISQ¹⁶, CLDs¹⁷, the Chantier de l'économie social, and the province's 11 regional CDRs.¹⁸ In addition, Quebec's co-op developers and local municipalities often collaborate in order to spawn local economic development via, in no small part, new co-operatives (Côté, 2007; Savard, 2007). In the rest of Canada, "individuals" are much more involved in co-op development than in Quebec. This is due to the fact that—with a lack of the same extensive provincial and local supporting organizations of Quebec—individual co-operative developers, community benefactors or champions, or groups of founders are relied on more for setting up the co-operative. Our interviews did, indeed, bear this major difference out between Quebec and the rest of Canada.

Interestingly, when comparing Figure 19 with 21, credit unions and other financial institutions are important in the founding stages of co-ops from our sample, but not as much in supporting the co-operative in their business needs or challenges after its start-up. This was both the case in the rest of Canada and, surprisingly, in Quebec, too, even with the community development initiatives of Desjardins, although Quebec's *caisse populaire* movement is more responsive to both the start-up and ongoing needs of new co-operatives than in the rest of Canada.

Encouragingly for those in the co-operative movement, partnering or collaborating with other co-operatives, hearkening back to ICA Principle VI, are fairly relevant for co-op development across Canada. And here, again given the paucity of co-op development supports at the provincial and local levels when compared to Quebec, other co-operatives from our sample are relied on more in the early stages in the rest of Canada. New co-ops in the rest of Canada rely on other co-operatives for various types of assistance, often brought together by provincial federations and, importantly as our interviews made clear and while it was active, the yearly conferences of the CDI program.

In the "other" category in Figure 21, interestingly, only two co-operatives—which are social enterprise co-operatives—relied on community foundations for partnering, a phenomena that is common among non-profit social enterprises in Canada (Quarter et al, 2009), perhaps identifying a space for further development of policy and recognition of the actual size of social enterprise co-operative sector in Canada.

¹⁶ Le Réseau d'investissement social du Québec (RISQ) is a non-profit fund that provides social enterprises with start-up support; financing during various phases of organization development; and funding to obtain technical assistance.

¹⁷ Centres local de développement (CLDs) are non-profit organizations mandated by the Quebec Government to support entrepreneurship at the local level. There are 120 CLDs across Quebec as of early 2015.

¹⁸ Coopératives de développement régional (CDRs) provide legal and technical support to co-operatives during their start-up periods and ongoing monitoring support throughout their operations.

Finally, it is no surprise that the traditional business sector is sorely behind in assisting co-operative development throughout Canada. There was very little evidence—save for the family-owned farmers that are members of their producer co-ops—of the traditional, for-profit and shareholder-owned business sector partnering with or sponsoring new co-operatives in our focus groups, interviews and survey sample.

Co-operative developers

When asked in our survey if co-operatives hired a professional co-operative developer in starting up their co-operative we discovered that the role of co-operative developers in founding new co-ops throughout Canada is important, with 54% of new co-op projects from our survey sample having tapped into their expertise (see Figure 22). However, they are used to a much greater extent in Quebec (72% of all new co-ops there, vs. 47% in the rest of Canada). Again, this is no surprise given the strong role of CDRs in Quebec and that most co-operative developers in that province are connected to or work for local CDRs (Côté, 2007; Savard, 2007).

Figure 22: Whether or not founding members hired a co-operative developer

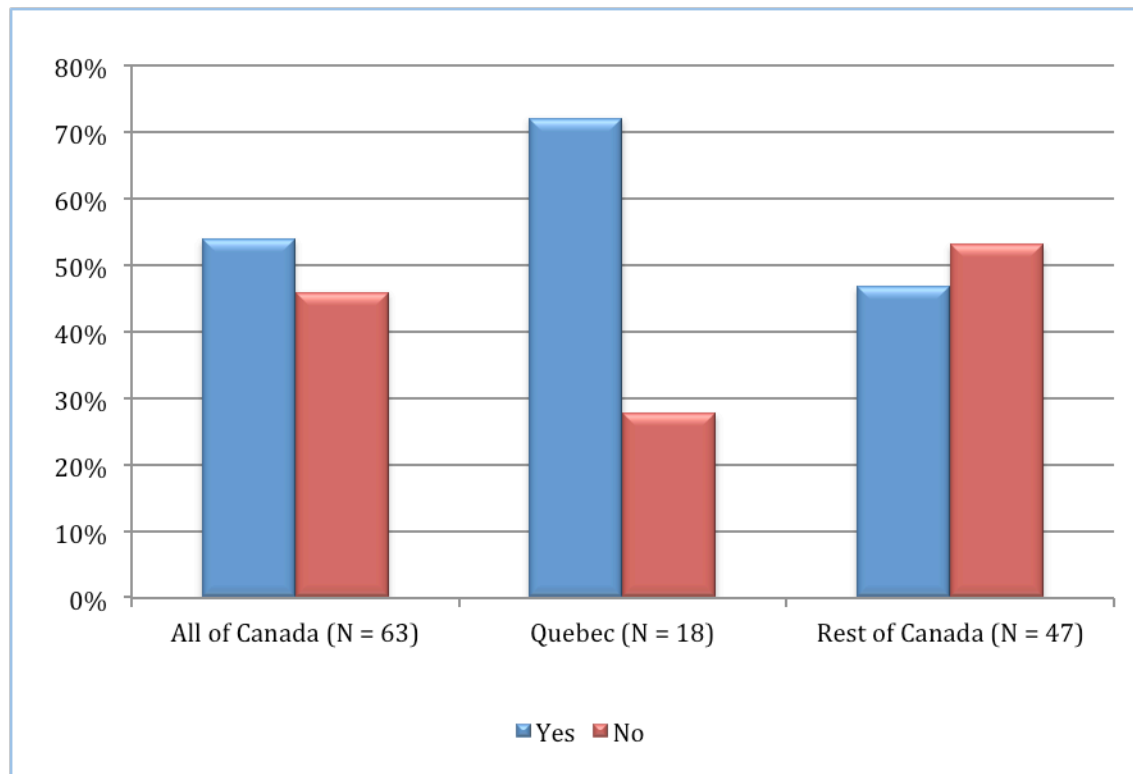
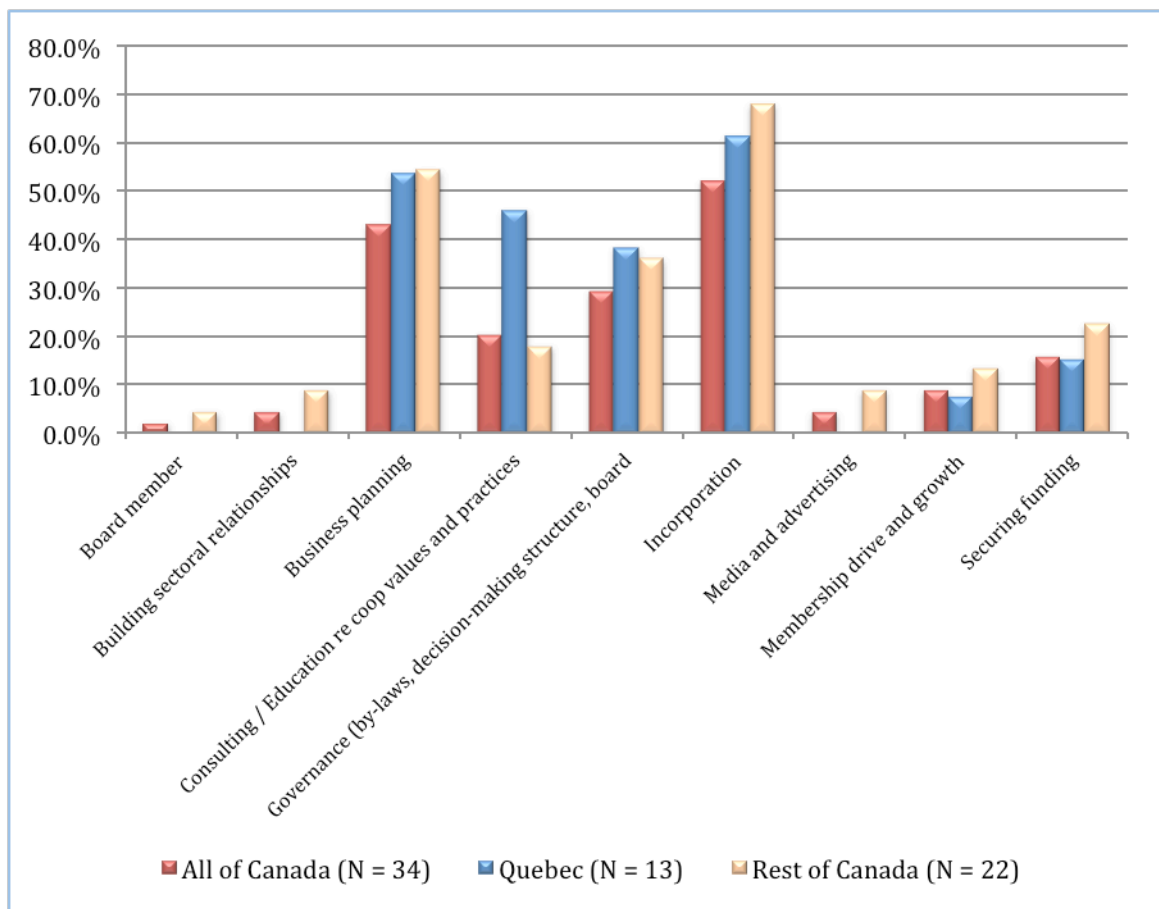


Figure 23 shows that, for those new co-operatives across Canada that did use the services of co-operative developers, these professionals played a key role in articulating the strength of the co-operative business model for the socio-economic need being addressed by founders, as well as for helping founders navigate the intricacies of incorporating the

co-operative, setting up by-laws and governance structures, developing market and feasibility studies and for business plans. They also helped in securing initial loans and, vitally, locating and receiving grants and funding from provincial and Federal programs (such as the CDI program). And as articulated by Daniel Côté (2007), Quebec's co-operative developers also played an integral educational role for founders and members regards informing them on the strengths and advantages of co-operatives, understanding co-operative values and principles, as well as for general business and organizational issues.

Figure 23: Activities of co-operative developer¹⁹



(Multiple answers)

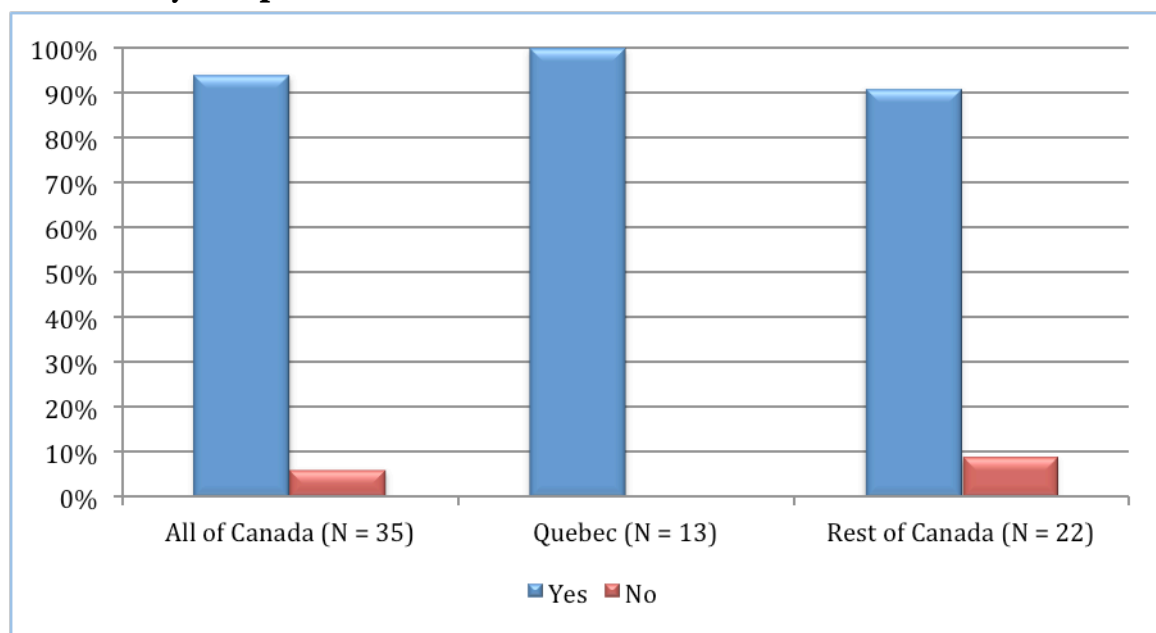
In contrast to the reliance on co-operative developers, there was not a palpable sense from our survey and interviews that founders relied on the CCA/CMC to a great degree in the initial conceptualizing phases of the co-operative beyond learning more about the

¹⁹ Business planning includes feasibility studies, strategic plan and business plans. Governance is developing by-laws, decision-making structures or board development.

co-operative model as a business from the websites of this national apex organization. Identifying who the local co-operative developers are and having them then guide founders are more important for co-op founders in these early stages.

The other related major finding here is that, as Figure 24 shows, almost all co-ops from our sample that did use co-operative developers said that the developer completed their tasks successfully. And, perhaps most strikingly, Quebec co-ops that responded to our survey were 100% satisfied with their experiences with co-operative developer and that the activities of co-op developers were successfully completed.²⁰

Figure 24: Whether or not the activities of co-operative developers were successfully completed



The role of co-operative developers in the CDI program began to emerge as a theme, as well; many CDI proponents used co-op developers. The CDI program, in fact, provided co-operative developers with easier access to new co-ops, which might be viewed as another loss to co-operative development in Canada with the end of CDI in 2013. Also, with almost all new co-ops we surveyed or interviewed, many of them did not get off the ground until the intervention of the co-op developer and for the four co-ops we interviewed that never got off the ground or failed, none of them had used a co-op developer.

²⁰ Future research could look at why around 9% of co-operatives in the rest of Canada claimed that the co-op developer did not complete their task successfully. Comparing and contrasting the involvement of co-op developers in the rest of Canada with Quebec would also be useful for future research.

Credit unions and financial institutions

Credit unions received mixed reviews with respect to supports for emerging co-operatives. Some of our interview key informants—especially in BC and Ontario—complained that they do not necessarily provide differentiated or even better service for co-ops when compared to traditional banks. But generally, credit unions tended to be used over banks and were viewed as having favourable policies and programs for starting a co-op, especially in Alberta, Manitoba, Nova Scotia and Quebec (see Figures 19 and 21). However, as Figure 19 suggests, credit unions and other financial institutions are not turned to, generally, to address challenges once the co-op has started, as co-op boards look to funding sources, membership growth and engagement and even maximizing revenues by improving on efficiencies once the co-op is operational.²¹ Only a handful of the co-ops interviewed managed to secure ongoing loans for operations and capitalization from credit unions. And some of the co-ops had to rely on banks to secure early loans and assistance, which in these cases meant that the collateral and credit history had to be provided by the founders.

Community economic development (CED) and community bonds

In some provinces, community economic development financial vehicles are emerging or being increasingly used to meet the needs of new co-operators, especially in their founding stages. The two most-used vehicles here, besides government and co-operative sector funding, are community bonds and the Canadian Worker Co-operative Federation's (CWCF) initiatives with local and community-directed RRSP investments. Both (and often in combination) have been used effectively in Nova Scotia, Alberta and Ontario and are viewed very favorably by those co-ops that have tapped into these financial vehicles. But, while the community bond solution has been around for some years now, they have yet to be used widely across Canada our sample suggests. Only five of our interviewed co-ops used this model and only one of our surveyed co-ops did so.

²¹ Part of this has to do, according to our interviewees, with the lack of strong programs at credit unions and other financial institutions focusing on the capitalization needs of operating co-ops and, secondly, to the general debt averseness of Canadian co-operators that we surveyed and interviewed.

III. Main Challenges

Most of the co-operative key informants we interviewed, with the exception of the handful of founders that were also co-operative developers, initially had no previous experience with starting a co-operative. They did, however, as we explained in the previous section, tend to have previous experience with related social movements or with the social issues or needs that the co-op was intended to address.

Besides the uncertainties and unknowns that come with the long gestation period of new co-ops, some of the initial challenges faced by co-operative founders in the co-ops' initial stages included:

- 1) Lack of knowledge of the co-operative model, especially concerning the legal terrain to be covered.
- 2) Lack of educational sources regards a co-operatives' statutes, by-laws and organizational structure, or knowledge of where to access educational materials.
- 3) Difficulties in securing start-up funds.

Once the co-operative was started and operational, ongoing challenges included:

- 1) Securing ongoing funds and financing for capitalization issues and for stabilizing revenue sources. Knowledge of financial supports and how to access them were not well known by a majority of our key informants. Not surprisingly, in Quebec, access to start-up funds was not nearly as much of an issue for our key informants there as it was for those in the rest of Canada.
- 2) Various organizational and governance issues, including establishing long-term and meaningful bylaws and governance structures. Challenges here seemed to be due to the fact that young co-ops tend to focus on getting their business up and running and reaching adequate market share to at least cover the costs of running the business. This early business focus, it was felt by several of our key informants, tended to be at the cost of properly consolidating governance issues early on and had negative repercussions for the organizational health of the co-op in later years.

- 3) In English Canada, in particular, the policy landscape for co-ops was viewed as patchy, at best. Government policy concerning co-operatives was seen to be not adequate by most of our key informants, especially for those in BC, Alberta, Saskatchewan, the Yukon and Ontario. Even in Quebec, where the co-op policy landscape was viewed more favourably than in the rest of Canada, 25% of our surveyed co-ops there felt that government policy towards co-ops could be improved.
- 4) Finding and retaining key and knowledgeable staff, especially during start up.
- 5) Volunteer and board member burnout.
- 6) Securing and ensuring membership numbers, involvement, education, motivation and diversity.

In sum, many of the early and ongoing challenges of new co-operatives in Canada that we surveyed can be boiled down to the following four factors: (1) Lack of knowledge by co-op founders of the specifics of the co-operative model, (2) lack of resources for, or knowledge of where to access, start-up funds and funds for ongoing business consolidation and growth, (3) human resources issues (i.e., volunteer, membership and staffing division of labour, retention and motivation) and (4) organizational issues related to governance.

Four paradoxes for new co-operatives

1. The paradox of external funding

For new Canadian co-ops that manage to secure them, the government and community grants and funding programs that are available are relied on for business feasibility studies in pre start-up co-ops, for kick-starting operations, for bridging into new markets or products, or for generally growing the co-op early on. But the new co-ops in our sample pursue grants reluctantly. We say “reluctantly” because we have noticed a widespread “paradox of funding” with the new Canadian co-operatives in our sample.

The paradox of funding is explained as follows: while viewed as being a necessity, pursuing and applying to funding, co-operators feel, takes them away from the daily tasks of running the business. Also, the amount of time it takes to identify funding sources and the subsequent application process is viewed as onerous and does not guarantee any returns. Moreover, and a key challenge we addressed earlier, there was a distinct perception amongst most key informants that the funding environment provincially was fraught with many unknowns (such as where to seek them out, what to do, how to write funding applications, and what to emphasize). Lastly and particularly mentioned by BC and Alberta co-operators, it was felt that provincial governments did not offer enough or

adequate supports, did not properly understand the needs of new co-ops and the advantages of the co-operative business model, and did not accept enough funding applications from co-operative enterprises for the programs that do exist.

From our focus groups, we also learned that there was a palpable sense of frustration with the fragmented policy landscape regarding co-operative supports and funding in Canada today. Canada is, new co-operators know, a policy patchwork with four provinces providing numerous assistance vehicles for new co-ops (Quebec, Newfoundland, Nova Scotia and Manitoba), while the others offer much less to co-operative enterprises (particularly BC, Ontario, Saskatchewan, Alberta and the three territories) (also see Heneberry & Laforest, 2011).

2. The paradox of participative decision-making and co-operative governance

Participative decision-making and workplace democracy is viewed as important by new co-ops in Canada and a vital distinguishing factor of co-operative businesses. Participative decision-making gives co-ops their strength as community organizations. However, our key informants also told us that the time it takes to make key decisions sometimes puts them at a disadvantage when competing against non-co-operative or non-participatory businesses. We call the tensions between the virtues of democratic decision-making versus the administrative and daily business demands of the co-operative “the paradox of participative decision-making and governance.” This paradox has been termed the “cost of decision-making” of democratically run enterprises in the literature (Craig, 1993; Leviten-Reid & Fairbairn, 2011; Tomas, 2004; Münkner, 2004). With new co-ops in Canada that we surveyed, the key areas that need to be worked out in this regard include: how to make effective business decisions in a timely manner while considering the voice of members, and/or clarifying who makes decisions between management and the board.

This paradox is linked to the development of sound governance structures early on and in the clear division of labour and tasks that need to be designed into the co-operative. Co-operative developers have been playing an important role here in clarifying this aspect of the business, according to some of our interviewees.²²

As such, short-term business needs and demands were often seen as taking over from anticipating the long-term governance needs and the processes of decision-making of the co-operative. The issue of the sustainability of the co-op regards solidifying and consolidating policies and governance eventually comes to the forefront of issues needing to be tackled by the board. This was perhaps the key challenge for interviewed and surveyed co-ops that had been operating for over a year. Indeed, the governance of co-

²² On the important role of co-operative developers for helping to set up the governance and decision-making structure of co-operatives, see Emmanuel & Cayo, (2007).

operatives brings together intimately the participative model of decision making with its economic interests (Leviten-Reid & Fairbairn, 2011). This challenge has been acknowledged by a recent report from Cooperatives UK looking at governance issues:

The governance approach of co-operatives is shaped by the ownership model and central purpose of the business. The best model is one that reinforces the economic participation of members. Two common challenges in co-operative governance are ensuring expertise on the board and managing the costs of a participative model of governance. (Birchall, 2014, p. 3)

The crucial nature of establishing sound governance policies early was highlighted by several of our key informants.

3. The paradox of member engagement and diversity

Overall, for most of our key informants, steady membership growth and engagement was viewed as being crucial for the continuing success of the co-operative. Member engagement and excitement around the co-operative, in particular, was vital for the long-term sustainability of the co-op. Moreover, membership engagement is especially important for sound board succession planning.

We also, however, noticed a paradox to membership engagement, related to the paradox of volunteering (which we address next). While member diversity was viewed as positive by our key informants, this was also in tension with the conflicting interests, needs, or ideas of members. Diverse ideas or interests, key informants told us, often throw a monkey wrench into the daily business demands and the overall direction of the co-op, or in deciding whether or not to pursue funding sources, for instance. This paradox was particularly palpable with multi-stakeholder co-ops in the alternative and local food sector where there was a disparity of interests between consumer members and producer members. Producer members, for instance, were mostly interested in the economic direction and market reach of the co-op, desiring their products to get to market as efficiently as possible. Consumer members were, on the other hand, interested in fair prices and product availability. Moreover, producer members were not as keen as consumer members to get involved at the board level, in volunteering, or in other membership-related activities due to the fact that their time was taken by their own daily job tasks (usually on a family farm).

Moreover, a potential difficulty in recruiting new members and particularly in keeping incumbent members engaged was viewed as a possible challenge for the long-term viability of new co-operatives. Indeed, our handful of failed co-ops from our survey and interviews pegged part of their failure mostly with the lack of ability to recruit new members and to motivate incumbent members to continue on with the co-operative project.

4. The paradox of volunteering

As Figures 16, 17 and 18 made clear, much of the work that happens in new Canadian co-ops from our sample is volunteer labour; new co-operatives rely heavily on the volunteer labour of members. The literature on Canadian co-operatives and social economy enterprises supports this finding (Duguid, Mündel, & Schugurensky, 2013b; Quarter et al., 2009). It is safe to say then, from the strength of this finding in our research, that volunteers are key to running and sustaining new Canadian co-operatives and central to membership involvement. With new co-operatives in Canada, sustaining an energized, committed and rotating volunteer base that shares equally in the tasks to be done is a key area of concern with board members and other co-op leaders.

But here we also noticed a paradox in volunteering, which came out strongly in our interviews. The paradox is due to the fact that, while volunteer labour sustains new co-operatives from our sample—especially given the small number of paid positions in most new co-ops in our sample (see Figure 14)—a core and often small group of members do most of the volunteering. This, many key informants we interviewed told us, leads to burn out and is also directly related to issues with membership engagement and retention.

Participation by members volunteering their time, we were told, is also inconsistent in some co-operatives, with much volunteer activity happening during concentrated moments involving asset purchases, building repairs, membership drives and so on, while ongoing and less visible administrative issues (such as keeping up-to-date mailing or membership lists, updating websites and other communications materials, etc.) tend to be undervalued or neglected. Most troubling for our key informants, the slack in volunteering time is most often picked up by founders, board members, or paid staff, leading to further burnout, possible drops in membership numbers and, it is feared, the risk of potential degeneration or closure of the co-operative. Indeed, in one of the failed co-ops, burnout due to the overburdening of a few members with volunteer labour was one of the reasons for the co-op's closure according to the key informant we interviewed there.

IV. Main Supports

Across Canada, as showed, key providers of supports and for partnering to develop and start co-ops included: community economic development initiatives, other co-operatives, financial institutions and credit unions (with some caveats that we addressed in Section II) and, interestingly, individuals (again pointing to collective entrepreneurialism and the importance of co-operative developers). On the whole, new Canadian co-ops sought out these supports primarily for ongoing financial and capitalization issues and staffing needs once operational (including membership growth, volunteer recruitment and paid staffing) (see Figure 9).

Tellingly, the Federal, provincial and municipal governments were less relevant than individuals, social economy organizations and other co-ops and credit unions for supports across all of Canada; however, provincial governments—perhaps with no surprise given the provincial nature of Canadian co-op legislation (Petrone, 2013)—tended to be slightly more relevant. This trend was even more marked in Quebec given the active support in co-operative development by the Quebec Provincial and municipal governments there.

Individuals and co-operative developers

In the rest of Canada, the category of “individuals” (Figure 21) were much more involved in co-op development than in Quebec. Many of these “individuals” were co-operative developers. Indeed, the numerical majority of co-ops surveyed (54% across Canada) tapped into the expertise of co-op developers. Individuals are also made up of visionary leaders (usually in groups) that initiated the idea of founding the co-op. Again, the broader vision of key leaders amongst founding members was vital for some of the co-operatives that participated in our study.

There is no doubt, however, that co-operative developers were most crucial in the early days of the co-operative for the majority of our study’s key informants. Co-operative developers were vital for articulating the strength of the co-operative business model and for meeting the socio-economic need being addressed by founders; for helping founders navigate the intricacies of incorporating the co-operative, setting up by-laws and governance structures and developing market and feasibility studies and business plans; for connecting new co-ops to broader social networks and markets; for securing initial loans and for locating and receiving grants and funding from provincial and Federal programs such as CDI. In addition, co-operative developers come to the co-op with not only co-operative and business expertise, but also with already established social capital and connections to networks and other resources vital for young co-operatives.

Other co-operatives

Encouragingly for those in the co-operative movement, partnering and collaborating with other co-operatives are fairly relevant for new co-op development across Canada (Figures 19 and 21). And here, again given the paucity of co-operative development supports at the provincial and local levels when compared to Quebec, other co-operatives are relied on somewhat more in the early stages in the rest of Canada than in Quebec, where new co-ops rely more on CDRs, but also municipalities and CED organizations.

Traditional businesses

Perhaps not surprisingly, the traditional business sector lags far behind in supporting co-operative development in Canada. Indeed, co-operatives—especially worker co-ops and consumer co-ops—are often in direct competition with conventional, non-democratically run businesses. There was very little evidence—save for the family-owned farmers that are members of their producer co-ops—of the traditional, for-profit and shareholder-owned business sector partnering with or sponsoring new co-operatives in our focus groups, interviews and survey sample.

Credit unions and financial institutions

As we outlined in Section II, credit unions tended to be used over banks and were viewed as having more favourable policies and programs for starting a co-operative, especially in Alberta, Manitoba, Nova Scotia and Quebec (see Figures 19 and 21). However, as Figure 19 suggests, credit unions and other financial institutions are not turned to, generally, to address challenges once the co-op has started, as co-op boards look to funding sources, membership growth and engagement and even maximizing revenues by improving on efficiencies once the co-op is operational.

In short, credit unions and other financial institutions are important in the founding stages of new co-operatives in Canada, but not as important in supporting a co-operative in their business needs after its start-up. Quebec's *caisse populaire* movement is more responsive to both the start-up and ongoing needs of new co-operatives than in the rest of Canada, our findings suggested, due mainly to the strong presence and support mechanisms provided by Desjardins.

Community foundations, community bonds and the RRSP community capital solution

It was clear that, despite the paradox of external funding discussed, fund-granting bodies and financing vehicles are relied on for meeting the challenges and further developing new co-operatives in Canada. This is especially the case during the early stages of the co-operative when sufficient revenues to meet ongoing operational costs have not yet kicked in. Across Canada, mostly provincial but also local sources are used for meeting the challenges of initial operations start up, new market access, or transitioning into new

products or processes. Moreover, community foundations are relied on by a handful of the surveyed new co-operatives for partnering and for raising development funds, a phenomena that is common among non-profit social enterprises in Canada (Quarter et al, 2009) but less so with Canadian co-operatives that are also for-profit. This finding perhaps identifies a space for further development of local funding policy for new co-ops in Canada, especially in recognition of the actual size of the social enterprise co-operative sector (i.e., “social mission-driven co-operatives”) in Canada that this report begins to map out.

Education, Training and Learning

We feel that better understanding the vital role of learning and education that actually and potentially exists within the nature of the co-operative model can facilitate the further nurturing and support of new co-operatives in Canada. Notwithstanding the vital role of Principle V that is already witnessed in Canadian co-operatives from our sample, especially regards the rich informal learning that goes on in Canada’s new co-ops, much more effort needs to be placed in the formal training of new Canadian co-operators. It was clear from the findings of this research—especially concerning the challenges and paradoxes faced by new Canadian co-ops today—that the Canadian co-operative movement, policy makers and the country’s secondary and post-secondary institutions need to do a much better job in helping to secure more formal outlets for and better access to educational and training materials and facilities that can precisely address and tackle the knowledge gaps and challenges faced by new and established Canadian co-operators.²³

Associative intelligence

As the literature on the co-operative organizational form shows, co-ops are intrinsically learning organizations for members (see Borzaga and Depedri, 2009; Jensen, 2012; Laidlaw, 1962; MacPherson, 2002; Schoening, 2006; Webb and Cheney, 2014; Vieta, 2014). Besides Principle V, which specifically focuses on the internal training and outward educational principles that co-operatives are to follow, all the ICA principles, values and practices of co-operatives illustrate in clear lines what Keen (1912) and MacPherson (2002) have termed a co-op’s inherent “associative intelligence.” For MacPherson, this is:

a belief that there is a special kind of knowing that emerges when people work together effectively; a conviction that people through working together could learn skills that would make collective behaviour more economically rewarding, socially beneficial and personally satisfying.
(MacPherson, 2002, p. 90)

²³ This should not diminish the excellent resources that have already been created to support the learning of new and mature co-operators by Canada’s co-operative federations and some university-based research centres and co-operative management programs.

This associative intelligence of co-operatives is no less the case for new co-operatives from our sample emerging in Canada today. Indeed, for the new Canadian co-operatives we studied, there are strong external *and* internal (or outward and inward) dimensions to the education, learning, training and information dissemination that they embrace.

Education and skills acquisition for members and volunteers

The learning that tends to happen with co-operative members, volunteers and stakeholders across Canada with new co-operative initiatives today is done to a great degree informally, according to our sampled co-ops. Co-operative values and principles are primarily learned through informal “learning-by-doing” processes (Garrick, 1996; Schugurensky, 2000; Quarter & Midha, 2001). As these key informants told us:

“We had to learn along the way as need arose....”

“I was not a co-operative person until I started working at one. All of my co-op knowledge came from just being there, then it starts to make sense.”

“At the beginning, we didn’t have enough knowledge or advice regarding the co-op model, its implications, the advantages and inconveniences for each type of co-op, especially when it comes to funding. At the beginning, many people didn’t understand at all what co-operative is and they can now accept it and explain our co-op and our choice to others after having been here.”

Co-operative developers also play a strong educational role for disseminating co-operative values, principles, governance know how, how to structure by-laws and other business issues. However, the use of formal learning via courses and at the college level remains very minimal with new Canadian co-operators, our data evidenced. Only one board member in our interview sample from across Canada had participated in a formal educational program on co-operative management. Other board members in a few other co-ops we interviewed, however, had taken other types of business courses. Promisingly, two other co-operatives we interviewed had recently started internal workshops on co-operative values and principles and other business skills training as part of their membership engagement initiatives. Finally, the annual meetings of sector federations, provincial associations and the CCA (now the CMC) were also viewed as potentially important places of learning and for building social networks to share ideas.

Education and information for the public on the strengths of co-operatives

There was also a keen interest among the co-operatives we interviewed and in the focus groups we conducted for better educating the public on the social and economic potential of co-operatives. For instance, we were told that most residents of the communities where their co-operative is present are not aware that their business is a co-op. This tended to matter most for co-ops that were customer-focused and volunteer-based. There is also a need, many of our key informants told us, to educate the general public and the Canadian state and policy makers as to the benefits and advantages of co-operatives and

member-run businesses more broadly for improving the social and economic wellbeing of local communities. This broader educational need was pragmatically linked, for some of our key informants, to easier member recruitment and retention. This was reasoned by some key informants as being connected to the social and political responsibility to educate potential co-op members, volunteers and employees about the values and practices of co-operatives given the positive impacts co-ops have on communities.

Strengths of the co-operative model for collective entrepreneurship

New co-operatives in Canada, our sample suggests, are being created to provide, in one way or another, for more sustainable livelihoods. For members of worker and multi-stakeholder co-ops, for instance, they are motivated to provide secure and long-term jobs or to ensure that the community is provisioned with critical goods or services; for members of organic food co-ops, to continue to ensure food security and tackle environmental concerns via sustainable agriculture and consumption; for members of health co-ops, to provision accessible health care; and so on. These are central motivators for the collective entrepreneurship present in co-operative development in Canada today. The co-operative model is viewed as key for bringing people together with these common interests and needs for more sustainable lives and for pooling the resources and skills to achieve their social aims.

Almost all of the new co-operatives we interviewed had long gestation periods before the co-op was formally constituted (usually a year or more). Co-op founders engaged in extensive stakeholder consultation before coming to the decision to found and organize into a co-op. Careful assessment, research and debates among key stakeholders are also the norm in founding new co-operatives in Canada today. Some of the co-operatives in our interview sample, for instance, have conducted extensive research into the organizational or business models prevalent in their sector. Most have also used co-operative developers to assist them in these initial research tasks and tend to have at least one champion of the co-operative model as one of the founders. As we have discussed, co-operative developers are very important in the early stages of a co-operative's development for not only helping to navigate the practical processes of setting up a co-operative, but also for answering the key question for co-op founders early on: Why start a co-op and not another type of business?

Interestingly, most of the key informants we interviewed did not feel that this long gestation period was negative, although there were frustrations with the length of time it takes to set up the by-laws and governance process of the co-op and to secure adequate start-up funds. Nevertheless, some of the key informants we interviewed and that were part of our focus groups felt that a new co-op's long gestation period made the actual decision to start the co-op more legitimate in the minds of founders, potential customers or clients, the community and potential funders.

Emerging from the long period of gestation and reflection of founders in a co-op's early days and their subsequent experiences in running the co-operative business, the co-operators we interviewed and that participated in our focus groups gave the following reasons for the strength of the co-operative model:

1. Co-operatives are seen to be ideal for organizing around a common project.
2. Co-operatives are seen to break individual isolation and enable common projects by pooling resources.
3. Member ownership facilitates working together on a common project and guiding the collective responsibility required of members.
4. The democratic structure of co-operative, or member participation (where members have a say in the business), facilitates engaging in a common project and meeting the social objectives of the co-op.
5. The co-operative model is viewed as a solid community organization that both taps into local needs and business opportunities.

In sum, the co-operative model is chosen by new Canadian co-operators for its perceived strengths for carrying out a common project by a collective of people with similar ideas and needs. Co-ops, in other words, home in on what has been called the associational dimensions of member-ownership: solidarity, common resource pooling and for meeting commonly held needs, visions and ideals (Birchall, 2012; MacPherson & McLaughlin, 2008).

Collective entrepreneurial leadership and vision

Both strong and collective leadership were in evidence in most of the co-ops we interviewed. While all of the co-ops we interviewed and surveyed tended to have a blend, some co-operatives did tilt more towards one or a small group of strong leaders, especially during their founding stages. Nevertheless, the greater tendency in our interviews evidenced the importance of collective leadership and the importance of the collective entrepreneurial efforts of a group of like-minded people with a common vision. That is, more often in our interviews it was the efforts and shared vision of an interested group of stakeholders that catalyzed the founding of a new co-operative.

Rather than an initial expertise in co-operatives, which only a handful of our key informants claimed to have, co-op founders first bring to the table strong visions and ideas of a particular social need that must be met. They initially possess experience in a

particular economic sector, a social movement or in some form of community development. This alludes to the connections that many of our key informants initially had with either some aspect of the social economy, related social movements or both.

As such, the “insider social entrepreneurialism”²⁴ that we argue permeates new co-operative development in Canada points to a collective entrepreneurial spirit in Canadian new co-ops that emerges from within local communities and related social causes and movements. This background of founders was most explicitly in evidence when we delved into the main benefactors, groups and agencies involved in founding and partnering with new co-operatives in Canada (Figure 8). Across Canada, new co-operatives from our sample show strong benefactor groups of “members” and the “community.” In Quebec, in particular, “clients/patients” and “consumers” also had substantial influence in the co-op early on, to a much greater extent than in the rest of Canada. This might suggest that in Quebec there are more developed avenues for consulting with and facilitating the involvement of broader community stakeholders when organizing a new co-op for meeting social needs, especially around the solidarity/multi-stakeholder co-operative form.

Co-operative and community collaborations (ICA Principles VI and VII)

As an extension of their collective entrepreneurial spirit, we also found that there is healthy participation occurring between co-operatives and between co-operatives and community organizations with new Canadian co-operatives from our sample. That there are extensive and promising co-operative-to-community and co-operative-to-co-operative collaborations occurring with new co-operatives in Canada today are strongly inferred in Figures 5, 8, 10, 19, 20, and 21. Moreover, the co-operative-to-co-operative collaborations are both between new co-ops and, promisingly for sharing experiences and extending support, between older and newer co-ops. Thus we can safely say that ICA principle VI—co-operatives co-operating—and principle VII—community engagement—are alive and well with young co-ops in Canada today. Indeed, this is not just a nice ideal to aspire to for Canada’s new co-operators, but actually lived out in many ways.

For instance, with many of our interviewed co-ops—especially with those that were more explicitly social mission-driven co-operatives in the organic and local food, car sharing, alternative health, community development and arts and culture sectors—saw themselves as supporting the local community-base and engaged often with other community groups and co-operatives in local events and by sharing resources. One co-op-to-co-op collaboration that stood out was Toronto’s Big Carrot worker co-op’s Carrot Cache program, which was an important source of early funding for two food co-ops we

²⁴ I.e., where social entrepreneurs emerge from within social movements (Spear, 2008).

interviewed. An explicit and inspiring example of a co-op-to-community collaboration was the founding story of a community cinema and cultural centre co-operative, where local residents and the local community foundation were central in buying out and reviving a failing business in a small town in Eastern Ontario. The conversion of the business from a failing and privately-owned one to a community and multi-stakeholder cultural co-operative managed to keep arts and cultural offerings alive in the town and helped other local businesses by reviving the downtown core's economic prospects. Indeed, emulating in ways the conversion of failing private businesses to worker co-ops (Vieta, 2013, 2014, 2015), this cultural and multi-stakeholder co-op is an example of what can be called a "community-recuperated enterprise."

We should also briefly note here that the major self-reported reason for the eventual failure of three of the co-operatives we interviewed was due to a sharp disconnection with the broader co-operative movement and the community. This, our key informants at these three co-ops told us, left them isolated when it came to consolidating the co-operative structure or when attempting to engage in or expand their business activity. As such, actually living out and including Principles VI and VII into the business plan, social missions and broader organizational objectives of new Canadian co-operatives seems to be vital for their long-term success, which, after all, relies heavily on the social networks and social embeddedness they manage to nurture (Spear, 2008).

V. Recommendations

Throughout this report we have identified the key advantages, issues, and challenges for new co-operatives in Canada today suggested by our cross-Canada sample. In this final section, we would like to suggest some ways that the Canadian co-operative movement, the broader social economy sector, and policy makers could assist young Canadian co-operatives in tackling and overcoming their challenges and support co-operatives' key advantages. In this final section, we group seven recommendations within five overarching categories: (1) common strategic approach; (2) capacity building for co-operatives; (3) ongoing assistance for key co-operative support organizations; (4) specific programming to support new co-operatives; and (5) education, learning and training. We feel that these recommendations are attainable in the short- and the medium-term with the collaboration of key co-operative practitioners, leaders, educators, policy-makers and developers.

Common strategic approach

Recommendation 1: Design a comprehensive strategic plan to support new co-operatives in Canada, which has input and buy-in of all key stakeholders (co-operatives, support organizations and different levels of government).

- CMC and provincial co-operative federations, in consultation with Canadian social economy organizations, co-operative and social enterprise practitioners and key policy makers in the federal government as well as provincial and municipal governments, could explore the possibility of establishing a comprehensive strategic plan for supporting new co-operatives.
- Specify the following within the plan:
 - Set out the roles and responsibilities of different stakeholders;
 - Identify capacity building strategies that address unique needs of new co-operatives (this report could offer initial orientation concerning these needs, see below);
 - Provide a framework within which co-operative support organizations can grow and succeed (see below);
 - Identify and make accessible sources of financing expected for the strategy; and

- Establish measureable, time-bound targets of support to existing emerging co-operatives.
- Share the plan across all regions of Canada, in conjunction with provincial co-operative federations and social economy organizations.

Recommendation 2: Develop a national clearinghouse for co-operative development, including appropriate legislation, funding sources, networks and networking opportunities, and useful community linkages.

- Scattered and varied policies and funding programs available to new Canadian co-operators could be consolidated or, at minimum, made more readily available to new co-operators via such a clearinghouse.
- All stakeholders should come together to decide who should “own” and keep evergreen this resource.

Capacity building for co-operatives

Recommendation 3: Create specific capacity building strategies to be delivered by key co-operative stakeholders, from start-up through the early stages of co-operative development, and focussing on associative skills, leadership, business management, financial capacity, and partnerships/networking.

- *Associative skills:* Develop skills in democratic participation and in co-operative business development (such as collective decision-making, good governance, co-operative management through elected representation, how to work with or on a board).
- *Leadership skills:* Develop capacity of founders and members of the co-operative in trust building and co-operative leadership.
- *Business management:* Build capacity to understand co-operative business operations, legal procedures, working with clients, marketing, bookkeeping, forecasting and sales.
- *Financial capacity:* Build capacity of co-operatives to understand, to assess, to access, and to apply to funding and other types of resources available to co-operatives.

- Two examples that already in use, but could be broadcasted much farther and supported more deeply, are Community Bonds and the CWCF's RRSP model. Both of these help new co-operatives to overcome early capitalization issues.
- The Alberta Community and Co-operative Association's "Unleashing Local Capital" initiative is also a viable "best practices" model for such an approach.
- *Partnerships and networking*: Build capacity of co-operatives to partner and network with organizations, government or associations that can then be champions of their work.

Ongoing assistance for key co-operative support organizations

Recommendation 4: Co-ordinate and build-up the activities of key supportive co-operative organisations in order to build skills, to provide sustained support, and to raise awareness of the needs of new co-operatives.

- Encourage enhanced co-ordination of supportive infrastructure at different levels of government and with key supportive organizations.
- Identify and support training opportunities through twinning and mentoring for leaders and employees in key supportive organizations by encouraging and helping build communities of practice.
- Support awareness building campaigns on the nature and impact of co-operatives in Canada that target specific audiences, including elected officials, public sector employees and the general public.

Recommendation 5: *Provide further supports to co-operative developers to network, share and work together in order to keep their knowledge and skills current and accurate.*

- Support new co-operative developers to work with and to hone their skills with other co-operative developers or supportive organizations' key people in order to hone associative skill building for co-operative development.
- Support co-operative developers to keep abreast of best practices for governance, co-operative by-laws, incorporation, developing market and feasibility studies and business plans for co-operatives.

Specific programming to support new co-operatives

Recommendation 6: Design and implement program support that is specific to the reality and needs of new co-operatives in Canada.

- *Application processes:*
 - Simplify application processes for funding.
 - Engage with co-operatives and/or key supportive organizations in the application process.
- *Funding:*
 - Design and make available capitalization programs (through grants and affordable loans) as well as project funding for co-operatives.
 - Provide funding specific to the business needs of co-operatives, including for operations planning and development as well as technical support (such as marketing, specific operations, bookkeeping, legal support).
- *Co-operatives working with co-operatives:*
 - Design a program that specifically encourages co-operatives to work with other co-operatives. This could be between new co-operatives or between new co-operatives and mature co-operatives.
- *Capacity building in the start-up phase:*
 - Design and make available programs that address the start-up phase of co-operatives, which focus on associative capacity building (such as training and mentoring for the founders of the co-operative, trust building, developing by-laws and good governance procedures, reaching out to new members, raising awareness, etc.).
- *Capacity building in the growth phase:*
 - Design and make available regular training programs that reinforce associative action as well as strengthen business management skills, both in administration and in technical operations.

Education, Learning and Training

Recommendation 7: Support the creation of more formal education outlets and co-operative knowledge mobilization initiatives in all provinces for co-operative members, managers, volunteers, other stakeholders, and the general public and policymakers.

- *Promote currently existing and create new formal co-operative movement and business education programs:*
 - Education for members and volunteers as to the co-operative principles as well as the values, attitudes and practices of working in co-ops. This is closely connected to business set-up, membership engagement and growth.
 - Education for better understanding and then transferring into practice the co-operative advantage for doing business and building communities.
- *Education campaign to increase awareness within credit unions, banks and financial institutions about new co-operatives' capitalization and finance needs.*
- *A national co-operative knowledge mobilization strategy:*
 - Communicate better to co-operative stakeholders and the general public concerning the benefits and importance of volunteering and the vital need of volunteering time for the long-term sustainability of social economy organizations such as co-operatives.
 - More vigorous knowledge dissemination on the values, economic potential and social impacts of co-operatives in Canada today could be facilitated by a coordinated national knowledge mobilization strategy led by provincial co-operative federations, second-tier co-operatives and relevant university programs and research centres from across the country. The decades-old *Participaction* social marketing program for fitness could serve as a model, as suggested by one of our focus group key informants.

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